# FINANCIAL TIMES

FRIDAY NOVEMBER 11 1994

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### **British minister** 'acted unlawfully' over dam project

Europe's Business Newspaper

British foreign secretary Douglas Hurd acted unlawfully when he earmarked £243m (\$390m) from the country's overseas aid budget for Malaysia's Pergau dam, the High Court in London ruled yesterday. It said the grant was flawed because the project was "economically unsound" and did not comply with British aid laws. The decision was a victory for lobby group, World Development Movement, which argued that Mr Hurd overstepped his powers by allocating aid for the improper purpose of promoting trade with Malaysia. Page 9

US producer prices fell by 0.5 per cent last month, helped by low new car prices. News of the fall blumted inflation fears and boosted US bonds. Page 16; World stocks, Page 38; US bonds, Page 21



Yasuo Matsushita, a former Japanese vice finance minister, was nominated next governor of Japan's central bank after a long internal government wrangle over who should get the post. He is currently an adviser to Sakura, one of Japan's biggest commicial banks. Subject to cabinet approval, Mr

Matsushita will succeed current Bank of Japan governor Yasushi Mieno, whose five-year contract runs out next month. Page 16: Observer. Page 15

Royal Dutch Shell Group's third-quarter profits slipped 1 per cent to £853m (\$531.3m), hampered by production losses from Nigeria's recent oil strike and tighter refining margins in Asia. Page 17; Lex, Page 16

Iraq recognises Kuwait: The ruling revolutionary command council of Iraqi president Saddam Hussein announced it had recognised Kuwait within its new UN-defined borders. Page 6

**ise des Eaux-Dumez,** one of France's biggest building groups, is to stop making political contributions following corruption investigations which have shaken French business and political circles. Page 16

Axa may seek overseas listings: The big French insurance group is considering requesting stock exchange quotations in London, Tokyo and New York over the next two years. Page 17

Spi Lanka election: Prime minister Chandrika Bandaranaike Kumaratunga swept home by nearly 2m votes in Sri Lanka's presidential election. WEU chief chosen: Portuguese diplomat Jose

Cutileiro was appointed to the top job at the Western European Union, the nine-nation security club whose role looks likely to grow. Page 2 Polish minister sacked: Polish president Lech

Walesa sacked defence minister Piotr Kolod-

ziejczyk, his erstwhile ally, following a bitter row over reforms in the armed forces. Vietnam licenses US banks: Vietnam's central state bank licensed Bank of America and Citibank en branches in Hanoi. They will be the first US banks to do so since the Vietnam war ended in 1975.

to let Hong Kong keep its separate identity in the Asia-Pacific Economic Co-operation forum after the colony returns to Chinese sovereignty in 1997. Apec agrees investors' code, Page 5

Zhirinovsky ioses (ibel action: Ultra-nationalist Russian leader Vladimir Zhirinovsky lost a \$1.4m libel case he brought against a Finnish theatre. The theatre was alleged among other things to have compared Zhirinovsky to Adolf

Serbs ponder war: The self-styled Bosnian Serb parliament spent a second day discussing whether to make the conflict in former Yugoslavia official.

Bugs resist drugs: New York Medical Centre scientists reported a new strain of antibiotic-resistant bacterium. They warned that its appearance implied that antibiotics might soon become useless.

Ferry door to be salvaged: Sweden and Finland agreed to raise the bow door of the ferry Estonia, which sank in September with the loss of

Rum do: Britain's typical rum drinker is old. single, Scottish and rents a council house, according to a consumer survey on spirits. The upper clas-

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### 'Leftwing elitists' take flak from US poll victors

By Jurek Martin in Washington

The spirit of political co-operation so evident on the morning after the US mid-term elections was fast evaporating yesterday, mostly because victorious Republicans could not resist taking potshots at President Bill Clinton.

Several Republicans also warned the president not to frustrate implementation of their legislative agenda on issues ranging from increased defence spending and deeper cuts in social programmes to cuts in foreign aid.

The most provocative comments came from Congressman Newt Gingrich, virtually certain to become the next Speaker of the House and - mostly - still trying to be magnanimous in victory. He promised, for example, no louger to call the president an enemy of "normal" Americans, a favourite preelection epithet.

However, what he gave in 24 hours filled with media interviews he also took away. He described Bill and Hillary Clinton as "counter-culture McGovernicks," a derogatory reference to the leftwing Democratic presidential candidate of 1972. The current White House, he said, was dominated by "leftwing elitists."
Warming to his familiar conservative

theme, he said: "There are profound things that went wrong, starting with

the Great Society [President Lyndon Johnson's social legislation] and the counter-culture, and until we address them head-on we're going to have these problems."

Congressman Bill Archer from Texas, likely next chairman of the House ways and means committee, also expanded on the Republican tactical approach. "We can't really get much of anything done which the president does not want to sign, other than by constitutional

Senator Jesse Helms, the arch-conservative in line to take over the foreign relations committee, promised deep cuts in foreign aid, not excluding US contriof his discontent - and Nato.

Mr Gingrich also warned, only halfjokingly, that the Republicans could now frustrate the president in other ways. Senator Robert Dole, as majority ider, could control every appointment Mr Clinton sent up for ratification, he

The president himself drew his own line in the sand at his Wednesday elec-tion postmortem, in which he promised to work with the new Republican majority in Congress, but not to the point of of permitting a return to the economic poli-cies of the 1980s.

butions to the UN - for years the object the force of some Republican positions in the wake of Tuesday's landslide. Imposing limits on the number of terms members of Congress may serve, he said with a smile, "looks better to me every

Other prominent Republicans could not resist attacking the president. Mr William Kristol, a leading party strategist close to Mr Gingrich, said Mr Clinton should publicly confess the error of his ways over the last two years and fully admit responsibility for the biggest Democratic party debacle in 50 years.

Further reports and analysis, Page 4 Editorial Comment. Page 15

### Sears spins off Allstate insurance subsidiary

Sears, Roebuck, the US retailing giant, is to distribute its 80 per cent stake in Allstate Insurance to its shareholders in one of the largest ever US corporate spinoffs, valued at more than \$8.5bn.

The move completes a two-year restructuring that has changed the Chicago-based group from a diversified merchandising and financial services conglomerate back to being a pure retailer, which is how it began.

The company also announced yesterday that Mr Edward Brennan, aged 60, who has been Sears' chairman since 1986, is to retire when the Allstate spin-off is complete. The restructuring was

..Page 16 Hit by earthquake \_\_\_.Page 19

started reluctantly by Mr Brennan under pressure from shareholder activists. He has recommended Arthur Martinez, aged 50, the

popular chairman of Sears' merchandising group, should succeed Sears plans to distribute its remaining 360m shares in Allstate, one of America's leading

tax-free distribution to shareholders in mid-1995. Sears sold an initial 19 per cent of Allstate's shares in a public flotation last year. It founded the insurance company in 1931 to sell auto insurance through Sears' catalogues and stores.

Last year Sears also sold Dean

property-casualty insurers, in a

firm, and its property company, Coldwell Banker. Earlier this week the group disposed of its namesake Sears Tower in downtown Chicago to a group of mortgage holders, escaping from \$850m in debt.

Sears said it was also considering selling its commercial property arm, Homart, next year. The business had 1993 revenues of \$234m and losses from continuing operations of \$11.4m.

Yesterday's announcements lifted Sears' share price by \$2% in morning trading on the New York Stock Exchange to \$51%. while Alistate dipped \$% to \$24%. Shareholders will be given details of the spin-off next spring,

but Sears common shareholders seem likely to receive almost one share of Alistate stock for each Sears share. The company intends the aggregate dividends paid by Allstate and Sears after the

spin-off to equal Sears' current annual dividend of \$1.60. "Sears and Allstate are ready. and the economic environment is right, for these successful American franchises to operate as independent companies," said Mr

Brennan.

Last year Allstate contributed \$1.2bn to the Sears group's \$1.7bn of earnings. But Allstate's bottom line has been shattered by \$1.3bn in customer claims for earthquake losses this year, resulting in \$845m in after tax charges. Its net income for the first nine months of 1994 was \$320.7m, or 71 cents a share, down sharply from last year's \$1bn or \$2.42 a share.



King Husseln of Jordan, right, on his first public visit to Israel, talks to prime minister Yitzhak Rabin at Tzemach, on the shore of the Sea of

### Shooting halts IRA prisoner releases

By John Murray Brown in Dublin, David Owen, January Burns and Stewart Dalby

The Irish government yesterday abruptly rescinded the planned release of nine IRA prisoners before Christmas after two prominent republicans were arrested in Northern Ireland following the murder of a post office worker in

an armed raid. The fatal shooting, the first since the IRA and Loyalist paramilitaries declared ceasefires in-September and October, cast a shadow over the Northern Ireland peace process. It is certain to increase pressure on London and Dublin to step up their efforts to secure a dismantling of

peramilitary arsenals. Dublin's decision to cancel the early release orders for the IRA prisoners was announced by Mrs Maire Geoghegan, the Irish justice minister, after a meeting with Mr Albert Reynolds, the

It came more than 24 hours after their release was first announced as part of the Irish government's response to the

Sir Patrick Mayhew, Northern Ireland secretary, said he was "deeply angered" by yesterday's "callous and wicked" murder. He said there would be "very natural suspicions" as to the motive for the crime. The full cir-

cumstances would be rigorously investigated by the Royal Ulster Constabulary. It demonstrated, known Republicans. But Sinn

he added, "the wanton dangers of illegally-heid arms".

The attack took place in Newry. Three armed men dressed

as postmen, and using a post office van, entered a fenced sorting centre in the town. An employee was shot dead. Two of the men were arrested after a chase involving helicopters close to the Irish border. The third

arrested were reported to be

Fém indicated last night that the raid was not the work of the IRA and did not represent a breach of the two-month-old casefire.

Republican sources in South Armagh, a strong nationalist area, said the raid was the work of renegade, freelance republicans committing a straightforward criminal act.

escaped and was last night being of Sinn Fe'in, was reported to be sought by the RUC.

The RUC said the two men news. He said: "The RUC is

Continued on Page 16

### Russia set to impose HIV tests on foreign visitors

Foreigners entering Russia will be required to undergo HIV tests at the border or produce medical certificates showing they have not been exposed to the Aids virus, under legislation Moscow is expected to adopt soon. A western diplomat said yester-

day the European Union, US, Canada and Japan were consider ing a joint appeal to President Boris Yeltsin to urge him to veto the legislation. It would be the toughest law of its kind to be adopted by a large and influential country and could discourage business travellers and tourists. Western diplomats are concerned about the technical difficulties Russian border officials might face in determining the validity of foreign medical certificates, and the health risks visi-

tors might face if they undergo

HIV tests in Russia, where nee-

dies are regularly reused and

often poorly sterilised.

Violid Trade News

not impossible for Mr Yeltsin to block the measure.

Officials at the parliamentary commission on health, which produced the draft law, said they were confident that the bill, which is scheduled for a third reading in the State Duma either today or next week, would be passed by the lower house.

It would then need to be endorsed by the Federation Council, the upper house, and signed by Mr Yeltsin. A presidential veto could be overruled by a twothirds vote in the Duma, which parliamentary officials are certain they could muster.

The legislation, which in its second reading was opposed by only three of the 450 deputies in the Duma, has found rejuctant supporters among Russian liberals. They fear that the nation's collapsing healthcare system is too weak to protect the country against diseases which are a malign side-effect of growing con-

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Ms Svetlana Ulitskaya, the chief expert at the parliamentary commission on health, said: "We have an unpleasant choice. Either we can be civilised and let Aids into our country or we must look uncivilised and close the door." Mr Valerii Mestnikov, another

health commission official, said the Russian public were unconcerned about the potential damage the law might do to western investment and tourism: "The attitude of the people is that they haven't seen any positive results from western investment any way, so the law couldn't make any difference."

According to Professor Richard Clogg, a fellow at St Antony's College, Oxford, Russia more than a year ago began to require all travellers from the embattled Black Sea enclave of Abkhazia to undergo an HIV test at the Russian border.

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### Portuguese diplomat to head WEU

unsuccessful candidates had

decided not to insist on a

definitive vote which would

have damaged the fledgling

institution's credibility. "It would have looked bad if

Mr Jose Cutileiro, a senior Portuguese diplomat whose candidacy enjoyed the support of Britain, was appointed yesterday to the top job at the Western European Union, a nine-nation security club of growing importance

The choice of Mr Cutileiro, 59, who joined the Portuguese foreign ministry after Lisbon's democratic revolution in 1974. marked a success for London's drive to boost Europe's defences in a way that avoids weakening Nato.

Yesterday's choice of secretary general, taken by a meeting of ambassadors in Brussels, will be formally endorsed

Bosnian Serbs

wary of move

to state of war

when WEU foreign and defence ministers gather at Noordwijk in the Netherlands on Monday to discuss ways of upgrading the organisation.

Two rival candidates – the Italian ambassador to Nato, Mr Giovanni Jannuzzi, and Mr Enrique Baron Crespo, a Spanish Socialist politician stepped aside after initial soundings showed that Germany had swung behind Mr Cutileiro.

France - the strongest advo-cate of an independent European defence capacity - initially backed Mr Jannuzzi but gave away after the Germans opted for the Portuguese candidate, who already enjoyed UK and Dutch backing. Diplomats said the two

somebody had won in defiance of several major countries," one diplomat commented.

The WEU is already involved in naval operations to enforce the international embargo against the former Yugoslav republics, and it is also setting

up a police force in the divided city of Mostar. But its role - hitherto dwarfed by Nato - looks certain to grow as the US partially disengages from Europe and the European Union develops a common foreign and

Britain has set aside its earlier doubts about the organisation, and it now sees the WEU as a useful way of developing defence relations with its continental allies, including France which is outside the military wing of Nato.

Mr Cutileiro - who won acclaim in his homeland by writing a doctoral thesis at Oxford University on inequality in southern Portugal - will have to bridge the gap between French zeal and British caution over upgrading the WEU. But he comes up from a country whose views on European security overlap considerably with those of the UK.

Both Britain and Portugal want to avoid creating fissures in eastern Europe by rushing

states into the western security system while keeping others out. "We should not draw new lines in Europe," Mr Jose Manuel Durao Barroso, the Portuguese foreign minister. said in London last week. This viewpoint is broadly shared by France, while it has some crit-

ics in Germany. British and Portuguese officials are also adamant on the need to retain a US military presence in Europe, and to avoid moves that would alienate Washington.

Both countries oppose the idea of giving new members of the EU a "back door" into the western defence structure by letting them join the WEU before they join Nato.



Relatives at a funeral in Sarajevo vesterday comfort the father of a child killed by shelling

By Paul Adams in Pale, Bosnia

With artillery fire occasionally audible in the distance, representatives of the Bosnian Serbs have gathered in this impoverished mountain resort to consider how much freedom of action to give their leader. Mr Radovan Karadzic.

Yesterday, after two days of debate behind firmly closed doors, it was clear that the Bosnian Serb "parliament" would stop well short of declaring a state of war throughout their territory in Bosnia, or suspending their own

assembly.

Mr Karadzic - facing mixed fortunes on the battlefield, a boycott by his former protectors in Belgrade, and isolation from the wider world - would ideally like to be given carte blanche to wage all-out war.

But fearing a dilution of its authority, the makeshift assembly in Pale, above Sarajevo, has forced Mr Karadzic to limit the scope of any declaration of emergency rule to those areas most immediately at risk from the latest fighting.

Officials here say the formal THE FINANCIAL TIMES
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state of war will only apply to some 50 per cent of Serb-con-trolled territory.

"Of course, you can always expect resistance," said an offi-cial close to the Pale leadership. "People got scared by all this talk of declaring war. But we have to prove to the Moslems that they cannot win.'

Prying journalists were kept at arms length at the orders of the ever-vigilant Ms Sonja Karadzic, daughter of the Bosnian Serb leader. Mr Karadzic said before the

debate continued yesterday that he would assume certain decision-making powers from parliament, but insisted there was no question of the assembly being dissolved. As the Serbs come under mil-

itary pressure he needs to take care. Parliament has often been dismissed as a rubber stamp for the Bosnian Serb leadership, but it does represent Mr Karadzic's link with a population, part of which is not always necessarily behind

He cannot afford to be seen to be ignoring the interests of the representatives. Officials admit that absenteeism and black marketeering, sometimes across enemy lines, have resulted in military weakness. The new measures will

include more efficient mobilisation – something that has already begun - restrictions on the movement of civilians and the introduction of martial law. Local government will be concentrated in the hands of small groups of officials, directly answerable to Mr Karadzic, "It will not be a classic state of war, but a semistate of war." the Bosnian Serb "foreign minister", Mr Aleksa Buha, said. "This is a very serious decision. We don't want to do it too fast." Punishments for desertion

and dereliction of duty are likely to be toughened. On Wednesday, Mr Karadzic said a number of brigade commanders responsible for losing territory near the north-west-

ern enclave of Bihac had already been replaced for failing to obey orders.

tions with the Bosnian Serbs in August, Mr Karadzic has conducted periodic purges of the army and police, aimed at rooting out those who might not think twice about taking their orders from Belgrade. An offi-cial in Pale said the dismissals were "a normal consequence"

of the breakdown in relations. But it is clear that the Bosnian Serb leader's personal feud with President Slobodan Milosevic has led him, rightly or wrongly, to suspect those

### Amato job splits Italy's coalition

By Robert Graham in Rome

Mr Giuliano Amato, the former Socialist premier, has been appointed to head Italy's five-man anti-trust commission, the ultimate arbiter of any conflict of interest between the role of Mr Silvio Berlusconi as prime minister and his ownership of the Fininvest financial and

This is the first time the six-month-old Berlusconi government has offered a sensitive appointment to an opposition figure, and the move has divided the ightwing coalition.

But, given the unresolved conflict of interest between Mr Berlusconi's political and business roles, the move is a

credibility. It represents a move by moderates in the government to bring the coalition towards the middle ground and pave the way for an alliance with centrist parties in the opposition with whom Mr Amato identifies. Significantly, the choice of

Mr Amato to head the anti-trust commission follows the serious divisions within the rightwing coalition caused by the refusal to nominate Mr Giorgio Napolitano, previous speaker of the chamber of deputies and a member of the former communist Party of the Democratic Left (PDS), as one of Italy's two new European

commissioners. The decision to appoint Mr Amato was formally taken by the chamber and member of the populist Northern League; but it was backed by Mr Berlusconi. Yesterday, the move was criticised by the neo-fascist MSI/National Alliance as well as by individual members of the league and Mr Berlusconi's

Forza Italia movement. The appointment comes at a time when the government finds itself running into increasing problems of conflict of interest over the management of the Rai, Italy's troubled state broadcasting organisation. On Tuesday, the government approved the summary removal of Mr Gianni Billia, brought in only 95 days ago to

director-general of the Rai

THINK

clear attempt to recover Ms Irene Pivetti, the speaker of alongside Mrs Letizia Moratti, the new chairman.

Mr Billia felt uneasy about Mrs Moratti's management style and the choice of programme and channel managers, several of whom had links to Mr Bettino Craxi, the former Socialist leader.

He also fell out over Mrs Moratti's plans to sell off some of the Rai's transmission facilities which threaten to weaken the role state television could play in developing multimedia activities - and benefiting Mr Berlusconi's three commercial channels that account for almost half the national television audience. At least one other Rai board member has resigned and others could follow.

### **Gonzalez** backed on favouritism allegations

By Tom Burns in Madrid

Mr Felipe González's minority government yesterday won the support of its Catalonian and Basque political allies against allegations that the Spanish prime minister had favoured the business dealings of his brother-in-law.

Leaders of the Catalan and Basque nationalist parties, whose votes keep the ruling Socialist party in power, endorsed the prime minister and accused the opposition conservative Partido Popular of seeking to make political capital out of false corruption allegations.

In an unprecedented crossfire of accusations and denials, the Madrid newspaper El Mundo has been printing front page stories connecting Mr Francisco Palomino, a Seville businessman married to Mr González's sister, to government contracts, and on a daily basis the prime minister's spokesman has issued lengthy rebuttals of El Mundo's allega-

The newspaper alleges that Mr Palomino sold a bankrupt boilermaking business owned by his family at a considerable profit to a company that sub-sequently bired him as a nonexecutive director and was engaged by the government to install electronic systems in a nuclear-proof bunker built alongside Mr González's official residence.

The allegations have been attacked as "falsehoods" in a succession of statements issued by the prime minister's office and they have been called a "pack of lies" by Mr González. "I have never shown favouritism, nor do I intend to, nor have I ever been asked to," said the prime minister.

Mr Jordi Pujol, the Catalan nationalist leader, pledged to continue supporting the Socialist party because it had won the 1993 elections and in order to ensure the "governability" of the nation. Mr Pujol, whose executive in Catalonia also faces a series of corruption scandals, some of which are linked to jailed Barcelona financier Mr Javier de la Rosa, said he opposed the PP because the conservatives were unsympathetic to Catalan authonomy and lacked alternative policies to those of

the government.
Mr Iñaki Anasagasti, the parliamentary spokesman of the Basque nationalists, accused the conservative opposition of "bully boy tactics" for backing El Mundo's allegations and said he stood by the

"honesty of Felipe González". The endorsements by the government's political allies suggest that the PP, who scored an outright victory over the Socialist party in June's European elections and maintain a 10-point lead in opinion polls, are no nearer unseating Mr González. But the jury is out on whether the prime minister, who last night was due to address the nation in a TV "fireside" chat, has won the propaganda battle with the public over his credibility.

**EUROPEAN NEWS DIGEST** 

### Yeltsin aide attacks budget

The battle between President Boris Yeltsin and his prime minister, Mr Victor Chernomyrdin, which has been waged through proxies over the past week in a prolonged cabinet shuffle, was stepped up yesterday when a senior presidential adviser attacked Mr Chernomyrdin's austere 1995 budget. Mr Alexander Livshits, a recently appointed Yestsin adviser who was described by one Russian newspaper yesterday as more influential than any cabinet minister, told a press conference vesterday that the budget was too tough.

"The price of implementing such a budget will be too high," Mr Livshits said. "I don't think the end justifies the means." Mr Livshits criticised the government's proposal to put a moratorium on the soft central bank credits which pushed the monthly inflation rate up to 15 per cent in October. He said the government's plan to raise money through bonds, which have recently experienced poor demand despite rapidly rising prices, was unrealistic. Mr Livshits said long-term plans to slash inflation to western levels were unrealistic. "I see no reason why we should not have 15 to 20 per cent inflation a

year in the next few years," he said.

When the cabinet endorsed it last month, the austere budget was hailed as a sign that Russia was at last prepared to swallow the tough fiscal and monetary medicine which has turned around the economies of eastern Europe. But it could be derailed by Mr Yelisin's covert criticisms and the even stiffer resistance it is expected to face when it is presented to parliament later this year. Chrystia Freeland, Moscow

#### Polish defence minister sacked

President Lech Walesa of Poland yesterday sacked Mr Piotr Kolodziejczyk, defence minister, at the request of Mr Waldemar Pawlak, the prime minister. The dismissal of Mr Kolodziejczyk – a 55-year-old retired navy admiral who has been defence minister since the new leftist government was formed a year ago - follows a conflict between the civilian minister and the military over spending, reforms and control of the army. President Walesa had asked Mr Kolodziejczyk to resign after military officials criticised the minister during a meeting at a battlefield in Drawsko Pomorskie on September 30. The minister had refused and had the backing of parliament in what was seen as a struggle between the president and the cabinet over control of the military. However, Mr Pawlak yesterday unexpectedly wrote to the president requesting his dismissal. Mr Pawlak said Mr Kolodziejczyk had failed to "normalise the situation in the defence ministry". The move comes two days after Mr Joseph Kruzel, the US deputy assis tant defence secretary, gave his backing to the minister on a visit to Poland. AP. Warsaw

#### Danes pick woman bank chief



Mrs Bodil Nyboe Andersen has been appointed to suc-ceed Europe's longest serving central bank governor Mr Erik Hoffmeyer when he retires after three decades as head of Denmark's National Bank on January 1. Mrs Nyboe Andersen (left), 54, currently on the board of governors, is not expected to change bank policy. Her appointment will bring to five the number of women central bank governors in Europe. Woman are already in charge in Finland, Austria, Russia and Poland. Mrs Andersen is the daughter of a former

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economy and trade minister and has been lecturer in economics at Copenhagen University. She was a member of the board of Andelsbanken bank and then Unibank before joining the central bank in 1990. Mr Hoffmeyer has been governor for 30 years and will leave the bank with the economy in good shape. Hilary Barnes, Copenhagen Observer, Page 15

#### Flag law angers Hungarians

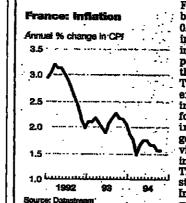
Ethnic Hungarians in Romania yesterday criticised a new law which provides for up to three years' jail for those flying mixed Balkan state. MPs from the ethnic Hungarian party said the provision, passed by parliament on Wednesday, was anti-democratic and violated European ethnic rights agreements. They said they would appeal to the country's constitutional court and to the Council of Europe. Parliament's decision is the latest sign of the growing influence of nationalist politicians who formally joined the left-wing minority government in August. It comes as the Senate, the upper house, is preparing a bill which would require foreigners to register with the police within 48 hours of arriving in Romania. It would also empower the interior ministry to restrict foreigners' movements on grounds such as national security and "public morale". Virginia Marsh. Budapest

### Thomson denies radar claims

Thomson-CSF of France yesterday denied allegations that in the course of winning its recent contract to supply Austria with 22 radars worth Schl.2bn (\$112m) it had tried to bribe a member of the governing Social Democrat party. The Austrian defence ministry confirmed that the Vienna prosecutor's office had been asked to investigate allegations in yesterday's edition of the weekly "News" that Thomson-CSF's local representative had offered a Sch22m bribe to a Social Democrat official who refused the offer and informed the party's head, Chancellor Franz Vranitzky. The ministry said the award of the contract to the French electronics company, with Steyr as its local partner, was because its radars were "clearly superior" to those of the rival consortium of Ericsson of Sweden and Schrack of Austria. David Buchan, Paris

**ECONOMIC WATCH** 

#### French inflation stays low



French consumer prices rose by between 0.2 per cent and 0.3 per cent last month, giving a relatively stable annual inflation rate of just under 1.7 per cent, according to Insee, the national statistics office The monthly rise, in line with expectations, reflected an increase in prices for fresh foods. Most other sectors, including · manufactured goods and public sector services, showed a slower rate of increase than in October 1993. The release of the inflation statistics coincided with an Insee survey which showed a small decline in French con-

sumer confidence last month. Officials said the decline reflected increased concern about the persistence of high unemployment, despite broader economic recovery. In September, unemployment increased by 14,000 to a record high of 3.35m, or 12.7 per cent of the workforce. John Ridding, Paris ■ Russia's economy showed the first signs of rebound in three years last month, with gross domestic product growing 4 per cent from October 1993 after falling 14 per cent year on year in September. Last year, GDP contracted by 12 per cent. German retail sales in September rose a real 1 per cent from August, but year-on-year they were down 1 per cent.

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■ Norway's consumer prices rose a stable 1.7 per cent in October year-on-year.

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SAY YOVEMBER II

### change of And the proguard in **Brussels**

By Lionel Barber and David Gardner in Brussels

The European parliament has forced a delay in the inauguration of the new European Commission until late January, it emerged yesterday.

The delay means that Mr Jacques Delors will lead a caretaker regime probably until the last week of January, some three weeks after he was due to step down as Commission president.

One unexpected result is that he will have a cast-iron excuse for remaining silent about whether he intends to run for the French presidency in late spring. Most observers believe this will help Mr Delors, whose high standing in the polls is attributed partly to his absence from an increasingly messy battle for the

The immediate impact, however, is that next week's planned Euro-parliamentary bearings to screen the new 21member Commission are to be postponed until the first two weeks in January.

The Strasbourg assembly is expected to vote on whether to approve the full Commission, including Mr Jacques Santer, the new president, on January

The hold-up is the result of a judicious muscle-flexing exercise by Mr Klaus Hänsch, the new president of the

It underlines his determina tion to use the leverage over the Commission and the member states offered by the Maastricht treaty, one of whose powers is to give Strasbourg the right to approve or reject the Commission as a whole.

During legal exchanges, the parliament insisted that the new Commission must be endorsed by an assembly drawn from all member states, including Austria, Finland. Sweden, and Norway.

All four countries are due to enter the European Union on January 1, assuming that voters in Sweden and Norway approve KU membership in referendums this month and the accession agreements are ratified by all 12 member

The parliament argued successfully that MEPs from Austria and the three Scandinavian states - who are temporarily designated by their national parliaments pending Euro-parliamentary elections scheduled for next year - would have no legal status until January 1 when

enlargement takes place. The hold-up is something of a blow to Mr Santer who had hoped to get off to a fast start with the new five-year Commission. Late last month, against expectations, he succeeded in allocating portfo-lies to the new commissioners with a minimum of contro-

More broadly, the parliamentary delay is part of an institutional logiam which also threatens to delay ratification of the EU's five-year

Member states were due to enshrine the spending plans into domestic law by the end of the year, but a combination of weak governments and political opposition in national legislatures could hold up

### **NEWS:** EUROPE Strasbourg | Swedes reminded Quisling was pro-Europe

Hugh Carnegy sees the No campaign resort to theatre of the absurd as Sunday's EU referendum remains a tight race

ctivists for the No cam-A curvisis for the paign, buoyed by opinion polls showing them within sight of victory in Sweden's referendum on Sunday on European Union membership, were pulling few punches when they mounted a gala evening for undecided voters in Stockholm's City Theatre.

One after another, performers of "The People's Movement against the EU" invoked alarming images to press their case. One quoted from Vidkun Quisling, the hated Norwegian wartime leader who co-operated with the Nazis (most Norwegians consider neutral Sweden did likewise), to show he favoured European integration. Another sang powerfully at the gala last Sunday of Nadja, a child victim of war in Sarajevo, linking her fate to "the new Europe"

Claes Fredelius, a member of a Marxist group, went furthest. His indictment of the EU, traced back to Europe's murderous colonisation of the Americas, included a reference to the recent Estonia ferry disaster in which more than 800 Swedes perished. The connection to the EU was unclear, but the message was not: The EU is today's evil empire which threatens to trample Sweden's superior but fragile

folk hem (people's home). At its most extreme, the No campaign presents a maddingly difficult target for Mr

'I think people are scared of the EU. They think Sweden will be too small inside'

Ingvar Carlsson, the Social Democratic prime minister, his allies (on the EU issue) in the right-of-centre opposition and the country's industrial and trade union leaders, despite their dominant position on Sweden's political heights. The pro-EU message that

membership will help stabilise an economy shaken by recession and give Sweden its share of influence in a reshaped Europe sounds at best mundane and at worst defeatist

preserve the traditional lofty Swedish ideals of neutrality, egalitarianism and universal welfare that were so long championed by Mr Carlsson's Social Democrats.

The old system may be creaking - with unemployment running at more than 13 per cent of the workforce and the welfare system threatened by a huge budget deficit equal to 13 per cent of gross national product - but many Swedes are still reluctant to accept that it cannot be made to work

Nor is there the same potency in Sweden, which has no border with Russia, to the worries about future developments in Moscow that helped produce the Yes vote in neighbouring Finland last month. So people hesitate to take a step that is seen as an irreversible move away from the "Swedish

Mr Tomas Segenas, who runs a small lunchtime cafe in Stockholm, is one of those people. "I think people are scared of the EU," he said this week. "They think Sweden will be - they are afraid that Sweden's way of living will be changed."

No-one is more conscious of this feeling than Mr Carlsson, who inherited the leadership of the Social Democratic party in 1986 from the late Mr Olaf Palme, the very embodiment of the Swedish model. Only in 1991 did Mr Carlsson overturn decades of Social Democratic orthodoxy by lodging Sweden's application for membership.

But the persistent suspi-cion of the EU among Social Democrats recent polls suggest fewer than half the party's supporters are convinced Yes voters - has led Mr Carlsson to run a low-key campaign ahead of Sunday's vote, allowing even members of his cabinet to campaign for a No. His judgment is that the way to win over the undecided is by quiet persuasion, not by

coercion. Yesterday, an opinion poll in the newspaper Dagens Industri showing the Yes side moving into a 52-48 per cent lead suggested he may well be

risk strategy for there is much at stake on Sunday.

A No vote will make the gov-ernment's most urgent task of filling the hole in the public finances more difficult. A sell-off of Swedish bonds and the krona will almost certainly drive up long-term interest rates, already well above European averages, requiring deeper spending cuts to control a state debt approaching 100 per cent of gross domestic product.

Sweden's big international companies such as Volvo. Ericsson and Electrolux are likely to continue a trend wellestablished for a decade or more of investing heavily inside the EU, not at home in Sweden. In sectors vital to Sweden such as the forestry and telecommunications industries, being inside the EU, able to influence policy and regulations on market conditions and standards, is of great

importance. Politically, too, much is at stake. Part of Mr Carlsson's low-key approach has been to protect his position should he

against the No side's appeal to too small inside the Union. Yes proved right. But it is a high- be faced with a No vote. Hav- vatisation of Telia, the state ing led the Social Democrats decisively back to power in September's general election, he would probably avoid a fall from power if there was a No

> But his authority and that of key pro-EU ministers such as

Canada is satisfied with Nafta but nobody wants to ioin the US'

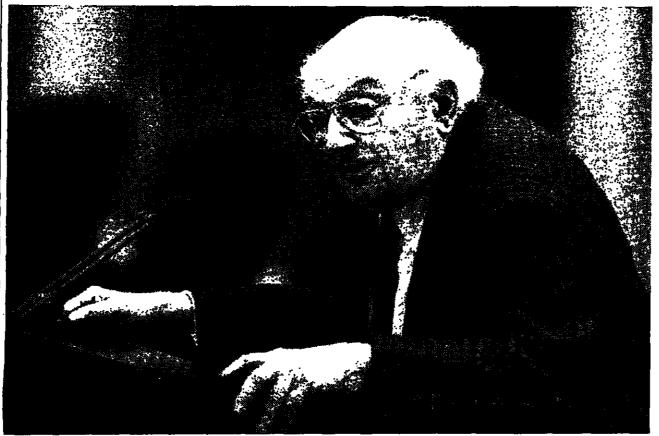
Mr Goran Persson, the finance minister, would be badly damaged. The initiative would shift to the anti-EU left of the Social Democratic party and, significantly, to the Left party and the Environment party, whose support the Social Democrats need for a parliamentary majority. The leftwingers oppose fiscal measures which hit the welfare system.

Other economic policies currently being reviewed by the Social Democrats, such as pri-

telecommunications company. and energy deregulation, would face sharper opposition.

On Sunday, many of the large numbers of still undecided voters who will determine the outcome may ultimately chose instead to trust the unanimous verdict of Mr Carlsson, Mr Carl Bildt, the former conservative prime minister, and Sweden's industrial leaders that EU membership is essential for Sweden's economic renaissance. But they will face a tough fight to

the finish. In the No campaign's scruffy office in the southern city of Malmo last week, Mr Henrik Skrak, the No side's chief local organiser, made the case that Sweden's economy was returning to growth this year precisely because it abandoned in 1992 the EU-oriented policy of pegging its currency to the Ecu. "Canada depends on exports to the US and is satisfied with the North American Free Trade Agreement. Nobody in Canada wants to join the US. Why should we join a united Europe?" he declared.



Writer Stefan Heym, 81, who won a seat on the ex-communists' ticket, opening the parliament session in Berlin as the oldest MP some

### Jewish writer hears old echoes in the new Germany's Reichstag

By Judy Dempsey in Berlin

As befits his age, Mr Stefan Heym walked slowly up to the podium of the Reichstag in Berlin yesterday. Aged 81, the doyen of east German writers had been given the privilege of delivering the opening speech of the new German parliamen-tary session, as the oldest of the 672 deputies elected to the

Bundestag last month. The walk to begin his address was heavy with the symbolism and bitterness of Germany's division and subse-

quent reunification. Mr Heym fled Nazi Germany as a Jewish refugee, fought on the side of the Americans against his country during the second world war, and returned to east Germany in

1952, disillusioned with the Stasi in the 1950s. Mr Heym McCarthy witch-hunts. The communist regime tolerated him as its most truculent writer, but refused to publish his increasingly critical novels. But Mr Heym is an independent deputy backed by the

reformed communist Party of Democratic Socialism (PDS). and thus an enemy of the country's conservative government. Not surprisingly, hours before he was due to speak. Mrs Rita Süssmuth, Bundestag president, received a letter from Berlin's Central Investigating Office alleging Mr Heym had given the Stasi – the for-mer East German secret police - information about an east German trade unionist who had fled to west Berlin but was subsequently kidnapped by the

said he had never knowingly given the Stasi information. It was a grim Reichstag that waited for him to begin speaking. He asked for greater understanding and unity between east and west Germans but dwelt, embarrassingly, on the past. "I have always asked why the euphoria of German unification has gone so quickly," he said.

"The people of east Germany freed themselves. But there were people who had weapons to defend the old, unloved system. They did not use these weapons. We should take this into account when we judge them," he said, making an implicit plea for a partial amnesty for those accused of collaborating with the Stasi.

Chancellor Helmut Kohl's Christian Democratic Union. and the Christian Social Union. its Bavarian sister party. refused to applaud. "It was a hard decision not to applaud him," said Mr Rolf Kiefer, CDU spokesman. "Heym went on about the crisis instead of looking at the good things of unification. He never talked about the oppression of the old dictatorship." But Mr Jürgen Möllemann, the maverick member of the Free Democrats, the junior partner in the coalition, said "the speech was more moderate than I had expected. I applauded."

The only ones who applauded en masse were the PDS, and the opposition Social Democrats who in 1990, had opposed German unification.

### Germans flexible at last on credit cards

By Michael Lindemann in Bonn

The international credit card may finally have found a home in Germany despite the best efforts of the German banks to stop it happening.

Credit cards have, for years, had doors slammed in their faces as Germany clung to its cash and cheque culture. In restaurants, waiters would take offence at the sight of a card. Shops cashiers would simply refuse to take them. Even now, despite having made some ponderous headway, there are still just 9m cardholders in Germany compared with an estimated 37m in the

Now Deutsche Bahn (DB), the state-owned railways, will turn its popular railcard into a joint venture with Citibank, the US bank which is one of the world's largest providers of credit cards, offering travellers all the advantages of a Visa

The Bahncard or railcard, on the entire network, was introduced a couple of years ago and already has 3m customers. Both DB and Citibank forecast Bahncard sales will rise significantly with the new attractions.

Foreign banks have accused the Germans of using every trick in the book to keen their cards out of the market.

Citibank says it made DB an offer at the beginning of the

The railways, one of the symbols of German efficiency and effective state stewardship. have been turned into a joint stock company as a first step towards privatisation and were having to look at new ways of making money, especially as administering the Bahncard was costing them about DM20m (98m) annually.

Other banks made alternative offers and a final decision was expected in September. But then, as Mr Volkert Min-dermann, a spokesman for Citibank, put it, "in the middle of the night" there was an offer from the Gesellschaft für Zahlungssysteme (GZS), a peculiarly German organisation set up by all the domestic banks to manage Eurocard, the leading credit card in Germany which has around two-thirds market

GZS, representative of the collective nervousness of its owners at a large and emblematic foreign intrusion into the local credit card market, apparently offered to hand the entire annual revenues from the card estimated at around DM150m - to DB if it were given the

'It's a question of habit. Germany is very much a cash society. It was also difficult when cheques were first introduced and more difficult to

business. But they reckoned without the federal monopoly authorities in Berlin who began making enquiries to see whether GZS might be creating a cartel (being operated by too many hanks), and before they could open a formal investiga-

get people to use

cash machines'

tion, the Eurocard offer was withdrawn. "The German banking community is still fighting against credit cards," Mr Mindermann

"They think everything can be done with the Eurocheque

card and they'll try anything to keep foreigners like Citibank out," he said.

Citibank also estimates it will have revenues of between DM100-DM150m a year which it will share with DB. "But we need to keep some of the

Mindermann said. But while Citibank has succeeded in ripping a large hole in the fenced off German market, it may be a while before other credit card companies will be able to slip through it.

American Express, which has just 1.2m cardholders in Germany, is still locked in a court battle with the Zentrale zur Bekämpfung unlauteren Wettbewerbs - a title which translates as the Centre for Combating Unfair Competition - an organisation which has been policing German competition law since early this century.

This tight policing probably does not surprise American Express. "It's a question of habit," says a local Amex official. "Germany is very much a cash society.

"It was also difficult when they first introduced cheques and it was even more difficult to persuade people to use cash machines" in the eighties, she

ine zentrale dauled Amer can Express in a year ago for offering another company's products (free flights) in an attempt to boost its own sales. That, said the Zentrale, was a breach of the Zugabeverordnung, a law which forbids the offer of free gifts with the sale of goods.

American Express has since had to stop marketing the

They are still "optimistic" that they will win the court case but are wondering why the Zentrale has not, in the meantime, taken action against Lufthansa, the national carrier which offers a promotional package including car rental and hotel stays from companies which are not their

American Express would not

But it may just be that the German national carrier is having a blind eye turned towards it, while outside competitors remain in the fixed

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The Republican takeover of Congress has left fiscal experts

and financial market analysts in doubt over the future of the US budget policy. Is Washington about to nbark on a frenzy of tax cuts that could widen the deficit dramatically unless offset by the kind of severe spending

cuts that neither Republicans nor Democrats have ever shown any real inclination to Will the fiscal restraint begun by President Bill Clin-ton's 1993 budget continue as Republicans follow through on

their promise to amend the US constitution to require a bal-anced federal budget, and take the steps necessary to achieve Or will gridlock set in, leaving the US with its current, relatively moderate budget def-

icit but with severe fiscal imbalances in the longer term At its most extreme, the new Republican majority in Congress includes men as Congressman Dick Armey, a confirmed supply-side economics professor from north Texas who wants a flat income tax rate, and believes that tax cuts

will pay for themselves because of the additional revenue they produce. But Mr Clinton warned in his press conference the day after the Republicans' crushing election victory that he would do all in my power to keep anyone from jeopardising this economic recovery by taking us back to the policies that failed before" and produced the

rising deficits of the 1980s. The House Republicans' "Contract with America" promises measures that would reduce government revenue, such as a \$500 per child tax credit, lower tax rates on capi-



threshold before older than supply side stimulus. Americans still working lose Senator Pete Domenici of their social security pension

But, although it promises a balanced budget constitutional amendment, it offers no specifics of the spending cuts that would be needed to balance the budget. Republican candidates have individually been assuring their constituents that they would not touch social security, Medicare, agricultural which together account for 66 per cent of federal spending.

Mr Clinton may have critical support from some Republicans whose priority is fiscal discipline rather

New Mexico, who will take over as chairman of the Senate budget committee, is a noted fiscal hawk who has stood out from his party colleagues by his willingness to contemplate higher taxes as a means of bringing the budget deficit under control. He will not have much support for that position, but is likely to serve as an important brake on his colleagues' tax-cutting zeal.

Congressman Bill Archer of Texas, who will have direct control over tax policy as the new chairman of the House Ways and Means committee,

tions - though closer to his fellow Texan than to Mr Domenici. He concurs with the supply side analysis of a cut in capital gains tax rates - and also wants to index capital gains to inflation - but insists on keeping the current Budget Act rules which require any measure involving a loss in tax revenue to be offset by spend-

apply to the members of the Congress," he said yesterday. "Revenue scoring" - determining whether a measure will increase or reduce the government deficit - is an esoteric science conducted principally by the Joint Committee on

ing cuts or other tax increases.

"It's a discipline we must

More than a sop to Senator Kerrey

US federal budget deficit

rcentage of GDP

organisation which will be taken over by Mr Archer and Senator Boh Packwood, the new chairman of the Senate finance committee, and may therefore be expected to change some of its methodol-

Past studies have suggested that while a lower capital gains tax increases revenue in the short term and reduces it over the medium term, its long run effect is close to neutral. But an administration analysis of the Republicans' promise

to index capital gains and exclude 50 per cent of gains to lose \$30bn over four years.

Scoring could thus become a crucial battleground between the White House and the Congress, with accusations of smoke and mirrors" flying freely.

In the new political environment, the commission on entitlements chaired by Democratic Senator Bob Kerrey of Nebraska and retiring Republican Senator John Danforth of Missouri could play an unexpectedly important role.

It was once viewed as a son from the White House to Mr Kerrey in exchange for his vote on the 1993 budget, but its findings could now attract much

More conservative views in Washington will irritate Aristide, writes Canute James

Haitians fear weakening of US support

US support for the remaining 14 months say President Clinton had to ride rough-

### Candidates count on the absentee vote

The outcome of a handful of elections, including for the Senate in California and the governorship in Maryland, still hung in the balance yesterday, awaiting recounts and the tallying of absentee ballots.

The California numbers still heavily favour the return of lenator Dianne Feinstein, the Democrat, over Congressman Michael Huffington. But neither had officially claimed victory or conceded defeat.

There are an estimated 400,000 absentee votes to be counted in California. With all state precincts reported, Ms Feinstein had 3,608,497 votes to Mr Huffington's 3,484,887. The Republican would have to take about two-thirds of those still outstanding to overcome his deficit; unlikely given the ss of the race.

But it was much tighter in Maryland, with about 40,000 absentee ballots. Mr Parris Glendening, Democrat, led Mrs Ellen Squerbrey by just over 6,000 votes (683,995 - 677,808). State officials said most still to be counted came from counties where he had run strongest but neither side was taking anything for granted.

The tightest race of all, in which a recount was ordered yesterday, involved Congressman Sam Gejdenson, the Democrat from Connecticut known for investigations into US sales to Iraq before the 1991 Gulf war. The official tally had him winning by just two votes over Mr Edward Munster. It was still technically pos-

sible for Mr Tom Foley, the

outgoing Speaker, to hold on to his Washington seat. But his qualified concession on Wednesday to Mr George Nethercutt recognised that a 2.274 vote shortfall was unlikely to be reversed by absentee ballots of at most double that number

With six House seats nation-wide still undecided, the line-up stands at 228 Republicans, 200 Democrats and one independent, compared to the pre-election 256 Democrats, 178 Republicans and the same nonparty representative, Mr Bernie Sanders of Vermont, who squeaked back by just over

7,000 votes out of 200,000 cast. Probably the most remarkable demographic discovery of the exit polls was the widening of the gender gap. Nationally, about 54 per cent of men voted Republican, with the same percentage of women preferring Democrats, the biggest difference in polling history.

In some key races the split was even wider and occasionally decisive, with white male voters, many influenced by the conservative Christian Coalition and the pro-gun lobby, turning out in force. Though they may yet lose, Mr Huffington got 59 per cent of white male support and Mrs Sauerbrey 58 per cent, while no less than two out of three sup-ported Mr George W Bush Jr. conqueror of Governor Ann Richards in Texas.

In Virginia, where the religious right is particularly strong, Mr Oliver North outpolled Senator Chuck Robb by 46-43 per cent among men, but not enough to overcome his

### Clinton blames defeat on message of hostility

In Washington

President Bill Clinton yesterday attributed the Republicans' crushing victory in this week's mid-term elections to the party's success in fostering hostility towards government. Their message is no longer as it was in the 1980s that government is the problem, "now government is the

Speaking at Georgetown University, his alma mater and the site of many of his most defining campaign speeches, the president seemed more philohuge Democratic losses on

He ticked off his administration's domestic and foreign policy achievements, concluding that "in an ordinary time, that record would have generated support for the congressmen and women who made it".

But these are not ordinary times, he said. Voters are made insecure by the "relentless and dynamic" pressures of the global economy. "On Tuesday, the voters reflected their frustration with the pace of change and the messy and often, to them, almost revolting process by which it was made," he said. The president again took some of the responsibility "for policies and political decisions that hurt our candidates". Term limits - a key point in the Republican's mid-term plat-

form - are "looking better every day", he joked. On trade, Mr Clinton said a stronger economic position' to meet the challenges of for eign competition. However "for many people, trade still appears to be a gale-force wind. another threat ready to blow away the prospects of a stable job at a good wage." Mr Clinton expressed confi-

to help combat the effects of high altitude and hunger.

traditional uses is grown on

Andes, while the coca for cocaine - about 40,000 hectares

- is grown in the Chapare, a

Farmers say no

assured markets

lush sub-tropical region in the

middle of the country.

Coca leaf farmers say that no

other crop provides the income

and assured markets and have

resisted switching from coca to

other crops until they are con-

vinced they can earn the same. The plan includes converting

fields to other crops, relocating

farmers to other regions of the

country and establishing industrial plants in areas not

suitable for farming. The gov-

ernment has begun negotia-

tions with the Inter-American

Development Bank, the World

Bolivia, an impoverished

country of 7m people, produces

an estimated quarter of the world's coca leaf that is pro-

to finance this programme.

other crop

provides the

income and

the eastern slopes of the

Most of the leaf devoted to

implementing legislation would be approved by Congress later this month. He likened it to the League of Nations which the US Congress failed to approve after the first world war. "When the US failed to engage we paid a terrible price and so did the rest of the world in economic stagnation, isolation and eventually another world war," he Next week, at the meeting of

"to move from a common vision to a common direcopen the way for doing business in Asia". He expected the for achieving free trade in the

He would take up human rights questions during the visit but did not expect any

the Asian Pacific Economic

Co-operation group he hoped

party's sweeping success in this week's mid-term elections threatens continued US support for their country. Officials in the new administration of

Mr Smarck Michel, the prime minister, are worried that Republican lawmakers, many of whom have opposed President Bill Clinton's policy of military and economic support for Haiti, will demand a rapid reduction in American involvement.

With Republican control of the US House of Representatives and the Senate from January, the officials said yesterday, it was likely that a timetable would be approved for an early withdrawal of US troops from the Caribbean state, creating a security vacuum before the planned 10,000-member Haitian olice force was recruited and trained. This could create instability in the country, where law and order is being maintained by foreign troops and police

The economic reforms planned by the government may also be threatened by a harder line from the Republican controlled legislature. The US is the main donor to a \$800m aid package which

Haitian officials fear the Republican international financial institutions and the Haitian government agree is needed to start rebuilding the economy and the social and physical infrastructure over the next 15 months.

A more conservative attitude to Haiti by US lawmakers in the New Year is likely to irritate President Jean-

of his administration, diplomats in Port-

au-Prince suggested vesterday.

larly those likely to be unpopular.

tide and the restoration of democracy in

for the US embassy in Port-au-Prince. "Thus far it has been successful and we would hope that success would continue in the future and that all Americans will continue to support it." This is apparently no comfort to the new Haitian administration. Officials

Bertrand Aristide, who is banking on

Clinton has succeeded so far but now he will be swimming upstream

shod over the more liberal outgoing

Democrat-controlled legislature to

Haiti will continue to be US policy," said Mr Stanley Schrager, a spokesman

secure US military pressure to force Without a clear commitment on continuing support from Washington, Mr Haiti's army leaders out of the country Aristide may be inclined to reconsider and assure Mr Aristide's reinstatement. "The one factor which Mr Clinton has the political merits of some of the going for his Haiti policy is that it has administrative and economic reforms to which he is now committed, particubeen a foreign policy success so far," said a diplomat to Port-au-Prince yester-However, a more optimistic position day. But now he will be swimming is being taken by US officials in Haiti. "I think the support for President Arisupstream on this issue. This apparent

success might be undone before it is

guaranteed - which must be with the

public markets for farm pro-

duce and consumer goods, also

reflect recommendations made

by a team of Spanish experts led by Spain's former finance

minister Mr Carlos Solchaga

structural adjustment effort,'

Juan Triana, deputy director of

Havana University's Centre for

Studies on the World Econ-

1993 stood at 4.2bn pesos, has already been reduced by some

25 per cent this year. The glut

of Cuban pesos sluicing around the economy, estimated at nearly 12hn pesos in circula-

tion at the end of April, has

already been cut by 1.3bn

The budget deficit, which in

omy, said.

"Cuba is making a serious

installation of Mr Aristide's successor in February 1996."

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A key player in Washington's Haiti policy in the new legislature will be Mr sse Helms, the Republic senator from North Carolina, who is likely to become chairman of the Senate foreign relations committee. Senator Helms has been a consistent and harsh critic of Mr Aristide, and has publicly questioned the president's mental stability.

Meanwhile, the new government's priority is to jump-start Haiti's econ-omy, Mr Michel said. The adjustment of the economy will be done on the basis of "democracy, justice and tolerance," with the public sector being rebuilt, and social services rehabilitated. One immediate government concern is public health. Maternal and infant mortality are increasing, and there is dence of tuberculosis.

The new government will try to stimulate economic growth by an early reform of import tariffs in order to eliminate monopolies. State enterprises and services which are to be privatised will be sold to companies and individuals who will be capable of running them

### **Bolivia** needs \$2bn to stem cocaine output

Bolivia needs at least \$2bn in foreign aid to begin eradicating its illegal but lucrative cocaine industry, the country's president said yesterday, AP reports from La Paz.

President Gonzalo Sanchez

de Lozada said at a news conference that the government had a plan to replace coca leaf production - the raw material processed into cocaine – with other cash crops and industry. "We cannot wait for the

demand side of cocaine to be resolved; it is important that we deal with the production side," he said. "It is more convenient to

invest \$1m in development and substituting coca fields than \$1bn in reducing demand and combating drug traffickers."

The success of the government's plan is dependent on foreign aid of at least \$2hn and the consensus of Bolivian society, Mr Sanchez de Lozada said. The plan would convert the main coca leaf producing region of Chapare into an dustrial park to be developed with the active participation of private busines A meeting of the country's

top political leaders is set for next week to discuss and reach a consensus on this plan.

At least 300,000 people in the Chapare region depend on coca cultivation for their livelihood. Coca leaf has been grown for centuries in Bolivia; it is used

### Christie's NY sale



in New York on Wednesday night was a success, totalling \$37.5m

The star lot was a decorative

oil by Toulouse-Lautrec of a ballet dancer adjusting her tights. It sold for \$4.78m (£3m). well over double its estimate. In contrast, the most highly rated item, the last circular version by Monet of his favourite subject, *Nymphéas* (Waterli-lies), still in private hands, sold for just \$3.3m, well below its

Nymphéas had decorated the Manhattan apartment of the late Alice Tully and Christie's had guaranteed her executors a fixed sum, reputedly around \$25m, for the chance to sell her tures in this auction found

ried a guarantee, one of six of the same model painted by Corot when confined to his studio with gout, also sold below target, for \$1.43m as against

# in \$37.5m



(£23.4m). A total 44 of the 57 lots on offer found buyers, and 11 sold for more than \$1m. This is firm evidence that the art market is recovering its nerve. The Republican mid-term elec-toral victories helped to make the American rich feel that bit

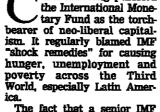
\$4m-\$6m estimate. collection. Fortunately for Christie's all five Tully pic-

Another painting which car-\$1.8m-\$2.2m estimate.

Cuba and the IMF compare notes

monitors, they say.

### Pascal Fletcher explores the significance of visits from a much pilloried institution uba has long pilloried



The fact that a senior IMF official should have visited Cuba twice over the last year is, then, intriguing. The "non-official" visits by

IMF executive director Mr Jacques de Groote late last year and early this year do not mean that Cuba, which left the Fund in the early 1960s, is trying to re-join, at least not yet. For one thing, the US maintains a blocking objection to Cuban membership as part of its economic sanctions against Cuba's one-party socialist government.

But the IMF contacts do reflect an important shift in Cuba's economic policy since the country was left like an orphan in the world economy after the disappearance of its protector, the former Soviet

Not only is Cuba trying to beat its recession by implementing reforms the IMF would not disown, but it is also signalling clearly, perhaps as much through necessity as conviction, that it wants to come out of the cold and back into the mainstream of the world economic community. "Whether we like it or not,

[the IMF] is a leading institu-

tion in the world economy and so it is a must for us to know about it," Mr Raul Amado



National Bank of Cuba, the cental bank, said in an inter-He said the IMF officials who

visited were briefed about Cuba's reform moves. Cuba learned how the IMF and World Bank had helped other command economies in eastern Europe and Asia move towards market-oriented policies. But senior Cuban officials

are careful to put limits on the rapprochement with the IMF and on just how far Cuba intends to go in its reforms. Mr Amado Blanco said rejoining the Bretton Woods institutions was not being actively considered. "We would have to be convinced of the usefulness [of rejoining] ... whether it would really

political and economic poli-

cles," he said. Cuba's vice-president, Mr Carlos Lage, said Cuba was ready to discuss economic options with the IMF, the World Bank and anybody else. 'That doesn't mean we are ready to do what these institutions dictate."

Nevertheless, the economic reforms being introduced by Cuba would not be out of place in an IMF or World Bank policy manual. They include cuts in subsidies to loss-making state companies, selective price increases, farm reforms, currency reform, decentralisation of decision-making, the imposition of taxes, moves to control liquidity and an assault on the yawning budget deficit. Many of the changes, such as

pesos, according to the central bank. throttling the black market,

have caused a tightening of the level of pesos in circulation and a fall in the black market value of one dollar to less than 50 pesos from past lows of more than 100. Putting buying power back into the peso is one of the objectives. Cuban officials insist the on-

going reforms differ from IMF emedies. They say the state is keeping a dominant, controlling economic role and social concerns are paramount. "We have a strategy...it's

not a strategy of capitalist development...it's a strategy of a planned, socialist economy," said Mr Lage, who is viewed as the main architect of Cuba's economic reforms. He said Cuba would pres "the essentials" of its socialist

free, universal health, educa-

the recent authorisation of tion and other social services. At the same time, however, Mr Lage announced Cuba was opening up more of its econ-omy to foreign investment, namely real estate and sugar production to foreign invest-

> Many foreign economists, however, say Cuba needs to go further, faster. The IMF's Mr de Groote noted after his November 1993 visit the Cuban authorities were "still hesitating over the basic issue of allowing more private property and individual decision-making

> in the economy". The Spanish team led by Mr Solchaga, in a report in June this year, said Cuba "must start to help itself" by moving faster to dismantle rigid economic structures and opening up more private business opportunities to Cubans.

Mr Lage hinted the government was working on currency reform, expected to be the introduction of a convertible peso, and was also considering widening the legalisation on private, self-employment for

Concerns over social unrest. like the unprecedented street disturbances in Havana on August 5, are undoubtedly giv-ing impetus to the reforms. So too is the prospect of another record low sugar harvest, the third in a row for Cuba's sugar-

based economy. Cuba also desperately needs fresh external credits, which have all but dried up since Paris Club official creditors rescheduling talks on the convertible currency debt of more than \$76n stalled in the second

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YY NOVEMBER III

# Apec officials agree on code to resume to resu for investors

Senior officials of the 18 countries in the Asia-Pacific Economic Co-operation forum agreed late last night on the text of a new code on foreign direct investment in a move that removed, for the time being, a serious block to progress on trade liberalisation at their meeting here.

"We have reached a constructive conclusion," said Mr Peter Adams of New Zealand, co-chairman of the group which has been struggling to resolve differences over investment all week. Neither he nor other delegates would comment on details of the agreement, but US officials, who had objected to an earlier draft on the grounds that it was too weak, said they were pleased with the outcome.

The text must be approved by Apec ministers who start formal talks here today in the run-up to next week's summit. Several officials warned that the agreement could not be regarded as final since ministers might want to change the text. But they said they had managed to reach agreement on a unified text which should prevent the politicians becoming bogged down in their own contentious

drafting process. A row over the investment code has been simmering here all week as Washington sought stronger wording on several clauses. Although the code is non-binding, the US was worried that the original draft offered international investors regulatory discrimination by the host government. The US felt the code also lacked teeth in combating restrictions on repatriation of profits and the imposition of arbitrary export performance standards.

Part of the problem was that the original draft was weaker in this regard than a similar agreement reached in the Uruguay Round. Right up till last night, however, differences within Apec had threatened to create an impasse even before the summit began.

Agreement at the official level will improve the mood of today's opening ministerial meeting, but there is no guarantee that this technical advance will make it easier to resolve deep-seated differences over the timetable for full liberalisation of trade in the Asia-Pacific region.

Officials said they had not begun to consider the target date of 2020 proposed by Apec's independent group of eminent persons. This is being left for heads of state at their meeting here next week, but Mr Fred Bergsten, the US economist who chaired the eminent persons group, said last night he was optimistic that a decision could be reached.

Mr Bergsten said that the Republican victory in this week's congressional elections might make the conduct of US trade policy easier. The Republicans will want to show they can work with the Clinton administration, he said, and they have fewer disagreements on trade and foreign policy insufficient protection against than on domestic issues

# **British**

By Andrew Baster in London and Kunal Bose in Calcutta

Sunday carrying Mr Richard Needham, Britain's trade mintrade mission.

The week-long tour of Cal-cutta, Delhi, Bombay and Madras is the most ambitious step yet by the Department of Trade and Industry to boost British trade with India, which last year was worth more than £1bn in each direction.

Mr Needham, who is leading

was already playing a big role in India, but he hoped the mission would lead to more deals, especially in infrastructure

insurance executives on the trip reflected the importance for India of private-sector "build-own-operate" and "build-operate-transfer" infrastructure projects, whose financing arrangements are nor-

keen to encourage partnerships between UK and Indian companies, such as a 50:50 joint venture announced yesterday by Rolls-Royce, the UK aero-engine and industrial power group, and RPG Enterprises, India's fourth largest

The two companies have formed RPG-RR Power Engineering to modernise and refurbish India's older power plants. The signing ceremony

Mr Sanjiv Goenka, vice chairman of RPG Enterprises, said that "the power shortage in India can be mitigated to some extent by improving the operational efficiency of the old power plants. The majority of power plants here are more

to resume negotiations on opening up Japan's car market and decided to make another try at striking a long-awaited glass deal, Reuter reports from Jakarta.

representative, secured the commitment to new negotiations after a two-hour meeting with Mr Ryutaro Hashimoto, his Japanese counterpart. "Our meeting was very positive," said Mr Kantor. "We have agreed to re-engage on the full range of auto and auto parts issues." Mr Hashimoto, and Mr Kantor are in Jakarta for broader Asia-Pacific talks. "It's always helpful to meet. We will move forward as rapidly as we can," said Mr Kantor, noting there were "sepa-rate potential solutions" to each part of the sprawling car

Altogether, cars and car parts make up 60 per cent of the lopsided two-way trade flow, despite repeated efforts to strike a deal and cut the \$60bn imbalance. Mr Kantor said no time had been set for the car talks but lower level officials would meet on December 5-6, to try to iron out differences over Japan's \$4.5bn flat glass market.

**NEWS:** WORLD TRADE

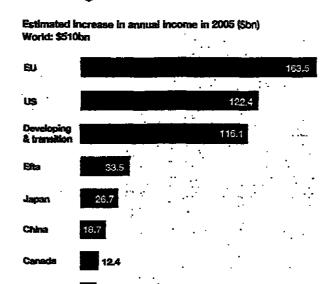
# trade talks Sutherland warns of US 'mortal blow'

Failure by the US to ratify the Uruguay Round global trade accords this year would deal a "mortal blow" to the international trading system, Mr Peter Sutherland, the director-Mr Mickey Kantor, US trade general of the General Agree-

ment on Tariffs and Trade, said yesterday. Speaking at the launch of a Gatt study which shows an annual \$510bn potential income boost to the world economy from the Uruguay Round, Mr Sutherland said postponement of the US decision was not an option. World leaders had committed themselves to bringing the round, and the World Trade Organisation. Gatt's successor, into force next January. Failure to do so could destroy the results of eight years of negotiations.
"It would be inconceivable

that a country that has so much to gain from the Uruguay Round could strike a mortal blow to the system by putting off the debate," he said. The Gatt report says trade liberalisation in goods alone could add over \$120bn a year to US national income by 2005, more than a fifth of the

US "fast-track" authority, under which Congress votes on



the Uruguay Round implementing legislation without amendment, is due to expire at the end of this year. Without this authority legislators could

pick the accord to pieces, effectively killing it. The Gatt chief said it was very difficult to see the WTO

coming into existence without the US, which was most countries' biggest trading partner. The consequences of a failure to ratify on time by any of the leading traders would be extremely serious and very. very dangerous for the world lose the benefits of the Uruguay Round. The effect would be ultimately to destroy the trading system built up so painstakingly since the last war. "The whole multilateral system would be extremely seriously - mortally, I would

say - damaged," he said. The world income gain from Uruguay Round liberalisation of trade in goods shown in the latest Gatt report is twice the annual \$235bm estimated earlier this year. Gatt's new economic model tries to capture the effects of increased competition in domestic markets. scale economies from expanded world markets and the "dynamic" impact of higher income on savings and invest-

Of the extra global income of \$510bn a year under Gatt's "most plausible" set of estimates, nearly two-thirds results from reductions in non-tariff barriers. Of these, the most important is the phaseout of the Multi-Fibre Arrangement governing trade in textiles and clothing, which could greatly reduce prices for consumers in the US and Europe

and treble world exports. Cuts in industrial tariffs contribute about a quarter of the gains, partly through price

Not only would the world cuts in domestic markets and partly through increased exports. Reductions in farm trade barriers account for about 10 per cent.

On a country basis, the US is the biggest single beneficiary, reaping an income gain of \$122bn a year by 2005, while the European Union benefits by over \$163bn a year. In both cases, the bulk of the gains come from lowering non-tariff barriers, especially scrapping MFA restrictions and in the EU's case, ending curbs on car imports from Japan

Japan will have an income boost of \$27bn a year, the smaller figure in part reflecting its already low industrial tariffs and absence of MFA restrictions. Developing and transition economics, excluding China and Taiwan, gain \$116bn a year. China could benefit to the tune of nearly \$20bn a year and Taiwan by over \$10bn.

The report stresses that even its new estimates are likely to understate substantially the benefits of the Uruguay Round because they do not take account of liberalisation in trade in services, and the impact of strengthened trade rules and dispute settlement See Editorial Comment

### mission heads for India

A specially chartered Concorde will leave the UK for India on small businessmen and bankers on the UK's biggest ever

the mission, said in London yesterday that opportunities for UK companies in India were unrivalled by any other market in the world: along with China, India is one of the world's two fastest growing developing economies.

The mission marks a further British attempt to build on his-toric links and benefit from India's economic liberalisation programme. "India is opening up to investment, joint ventures and increasingly to over-seas trade." Mr Needham said. Last year, bilateral trade was marginally positive in Britain's favour, but this year UK exports have been rising at a slower rate than its imports from India, suggesting there will be a small deficit for the

year as a whole. Mr Needham said the UK projects such as telecommuni-cations and power.

The presence of bankers and mally complex.

Mr Needham is particularly that the waiver, which needs a two-thirds majority vote,

business group. will be in Calcutta on Monday.

### |Gatt panel to rule on Indian car complaint

By Frances Williams in Geneva

A Gatt disputes panel is to rule on a disagreement over imports of Indian cars into Poland, an issue which could have important implications agreements with former communist states in eastern

India says a doubling of Poland's tariff on cars in 1992, coupled with a duty-free quota for the EU under a 1991 bilateral agreement, have hurt its car exports to Poland and thus violated its Gatt rights. According to the Indian complaint, its car deliveries to Poland fell from 4,568 units in 1991-92 to 1,000 in 1992-93 and to 504 in 1993-94. No deliveries have been made this year.

India, whose request for Gatt panel was granted by Gatt's governing council yes-terday, said the Polish measures could not be justified under Gatt rules on free trade areas and breached Gatt's nondiscrimination principle.

Strong support for India came from Japan, which said its own car exports to Poland had been affected, and from a number of other countries including the US, South Korea and several south-east Asian and Latin American nations. The EU and 11 other countries said they intended to make representations to the panel. Among other items discussed yesterday:

The council decided to post-

pone discussion of a dispute panel report ruling mainly in Washington's favour on US car taxes designed to penalise excessive fuel consumption. The EU had charged that these discriminated against European exports of luxury cars. • The EU and 46 developing countries requested a formal waiver from Gatt rules for the Lomé Convention which gives EU trade preferences to 70 Third World nations. However, the US and some other countries asked for more time to consider the details of the waiver and the council postponed discussion to the annual meeting of Gatt members next month, EU officials said afterwards they were confident

would pass. • A report on dispute settle ment activity showed a substantial drop in disputes brought to Gatt over the past 12 months, a decrease attributed partly to the expected entry into force next January of tougher dispute settlement rules under the new World

Trade Organisation. Georgia became the last former Soviet republic to become a Gatt observer, along with Sudan which has applied directly for WTO membership.



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Iraq yesterday abandoned its long claim to Kowait and recognised the United Nations-defined border in an attempt to pave the way for an easing of international sanctions, imposed after Baghdad's invasion of the Gulf

The decision to comply with UN Security Council Resolution 833 was taken by the National Assembly and later endorsed by the Revolutionary Command Council. It came a month after the US and its allies deployed tens of thousands of troops, together

with warships and aircraft, to counter a renewed Iraqi military build-up near the Kuwaiti border.

In a statement released last night the Revolutionary Command Council, headed by President Saddam Hussein. said that Irao "recognises the sovereignty of the State of Kuwait, its territorial integrity and political independence".

Iraq also "recognises the international boundary between the Republic of Iraq and the State of Kuwait as demarcated by the United Nations Iraq-Kuwait Boundary Demarcation Commission. . . and respects [its] inviolability."

Initial international reaction to the Iraqi announcement was cool and early moves towards an easing of

sanctions are not expected. The US said Iraq's recognition of Kuwait had to be in "practice as well as in words" and warned that Baghdad had to comply with other UN resolutions before sanctions can

"If that is, in effect, true in practice as well as in words, that is positive," said Mr Dee Dee Myers, the White House spokeswoman, "but there are a number of other elements in UN resolutions that Iraq must adhere to before we can even

Senior US officials have previously emphasised that Iraq must comply fully with all aspects of weapons control and monitoring, account for all Kuwaitis transferred to Iraq during the occupation, and put an end to repression of the Iraqi people.

Some diplomats have interpreted this as meaning the US will not support an end to sanctions while Mr Saddam remains in power. The UN Security Council meets on Monday to review the sanctions and

British officials said yesterday they

did not expect any action to be taken.

However, Russia, which played a

significant role in persuading Iraq to announce the recognition of Kuwait. is likely to press for some indication from the Security Council that it will react positively to Iraq's move. The National Assembly session in Baghdad yesterday was attended by Mr Andrei Kozyrev, the Russian

foreign minister.
France and China have also appeared sympathetic to rewarding Iraq as it edged towards full compliance with Security Council demands. But the French have taken a harder line since Iraq last month moved its forces close to the Kuwait

# Kumaratunga presidency

Mrs Chandrika Kumaratunga. the Sri Lankan prime minister. swept home by nearly 2m votes yesterday in the country's presidential election, in what she called a victory for democracy and peace.

It is a clear mandate for the peace process started by our government." said Mrs Kumaratimga "This was significant as it was done in the face of a strong and inflamatory campaign undertaken by major opposition parties to fan racial violence in hopes it would get more votes.

Mrs Kumaratunga, candidate for the ruling People's Alliance, received 4.7m votes or 62.28 per cent to emerge as winner of the "battle of the widows" by a big margin.

The opposition United National party's (UNP) Srima Dissanayake, widow of the ssassinated original candidate Gamini Dissanayake, polled 2.7m votes.

Mrs Kumaratunga, the first woman to win a presidential election in Sri Lanka, will be sworn in tomorrow to replace the UNP's Dingiri Banda Wijetunga, officials said.

In her new capacity as executive president - a position she has promised to scrap by July 1995 - she enjoys virtually dic-

Her victory showed that voters on the borders of an ethnic war-zone are not necessarily the most uncompromisingly

racist or extremist. The north-central province which is regularly raided by



Chandrika Kumaratunga: promised to bring peace

the secessionist Liberation Tigers of Tamil Eelam with sometimes entire Sinhalese and Moslem villages wiped out, voted overwhelmingly for the "peace candidate".

Moreover, analysts say the military is now prepared to hack her efforts to secure peace with the Tigers. Mrs Kumaratunga, 49, had

led her party to victory in parliamentary elections in August, ending the UNP's 17year rule by promising to bring peace to the war-ravaged country and cut the cost of living.

The daughter of two prime ministers - she lost both her father and her husband to the country's bloody politics - Mrs Kumaratunga said her government would forge ahead with peace but not at the expense of the majority Sinhalese commu-

### Bank goes to bat for Taiwan

wins Sri Lanka Laura Tyson reports on the mixing of banking with diplomacy

ixing banking with diplomacy may seem a curious enterprise but for ChinaTrust Commercial Bank, but it has to be

Controlled by one of Taiwan's wealthiest and most influential families, the island's biggest privatelyowned bank is building an international presence by dovetailing its strategy to become a "global Chinese bank" with the isolated government's efforts to improve its relations with foreign countries. Just 29 mostly small nations now recognise Taipei instead of Beijing, rivals since 1949.

To begin with, ChinaTrust plans a network stretching from South America to the Indian subcontinent and from London to Jakarta. It will later alm to widen its reach to South Africa, Russia, Australia, Canada, Mexico and eastern Europe.

By the end of the year, ChinaTrust expects to open branches in Hong Kong, New Delhi and Paraguay. Soon thereafter it plans to set up representative offices in Hanoi and Tokyo, buy into joint venture banks in Indonesia and the Philippines, apply to open a branch in New York, and apply to open offshore banking units in Thailand and Malaysia. The bank has five representative offices - in London, Jakarta, Manila, Bangkok and Hong Kong - and recently established a securities company in London.

"Our mission is not just to make profits, but also to play a quasi-diplomatic role," concedes Mr Wu Ching-mai, senior executive vice-president in charge of international bank-"Of course, Taiwan's efforts to gain recognition internationally was one of the important original motivations behind our overseas expansion. but at the same time it makes good business sense.

Cosy ties between business and government are common in Taiwan, but ChinaTrust's owners, the Koo family, are especially entwined with the governing Nationalist party. The clan patriarch and head of the family's diversified business interests, Mr Koo Chen-fu, chairs the Straits Exchange Foundation, a nominally private organisation that conducts Taipei's arm's length political dialogue with Beijing begun in April 1993. He is also a member of the ruling party's central committee.

His nephew and China-Trust's chairman. Mr Jeffrey Koo, doubles as an unofficial ambassador-at-large for Taiwan in part through his role as head of the Chinese National Association of Industry and Commerce. The foreign ministry allocates funds to support Mr Koo's quasi-diplomatic endeavours, which include meetings with heads of state other political

Businessmen often have more clout and better access than government officials

figures whom Taiwan's leaders are unable to see because of China's objections.

"As Taiwan is severely limited in its official relationshins." says Mr Parris Chang, a legislator from the Democratic Progressive party and a member on the foreign affairs committee of Taiwan's Legislative Yuan, or parliament, "you find that Taiwanese businessmen often have more clout and much better access than government officials. For many years, C.F. Koo served as Taipei's unofficial foreign minister, and Jeffrey has inherited

this role from his uncle." Seen as one of the few Taiwanese banks with the potential to become a truly international bank. ChinaTrust recently retained Mr Samuel Hsieh, who finished a term as governor of Taiwan's central bank at the end of May, to help the bank consolidate its international links.

ChinaTrust's strong push into south-east Asia is designed to complement the government's "Go South" policy, an effort to divert Taiwanese investment flows away from China and into south-east. Asia. President Lee Teng-hui added impetus to the initiative with his "vacation diplomacy" tour of several countries in the region earlier this year. Taiwanese investment in China has surged in recent years to an estimated US\$20bn, and Taipei fears becoming economically dependent on China.

"Our philosophy is to become a global Chinese bank, meaning we will serve markets where there are Chinese communities and Chinese investment," says Mr Wu. "Taiwanese companies tend to be unknown quantities outside Taiwan so they can't get banking services in many countries. We can help them facilitate business by taking collateral here in Taiwan."

India is the one exception. "We're going there because it's a place where we think Chinese ought to go, and we're confident they will, now that India has decided to open its

economy," Mr Wu says. "In all other instances, we're following our clients."

Taiwan has opened a trade office in the Indian capital, and

India is expected to open a similar office in Taipet soon. The bank's planned branch in Paraguay is not as improbable as it may appear at first glance. The Taiwan government is assiduously courting Asunción with offers of economic assistance and China-Trust's presence should boister

reportedly wobbly ties with the only government in South America to maintain formal diplomatic relations with

There's a strong desire on the part of both governments to increase the flow of Taiwanese investment into the country," says Mr Wu. "As well, we feel Latin America is changing for the better. There are a lot of Chinese immigrants in the region, and we want to use Paraguay as a regional centre from which to look at Brazil, Argentina and Chile."

ChinaTrust's strength is likely to be in Asia, where Taiwan is becoming an important provider of both investment and, increasingly, debt financing capital. Taiwanese banks are beginning to join syndicated loans and will play a role in regional debt issues as capital markets become more developed.

investment flows in Asia. where Taiwan is already the second or third largest foreign investor in many countries and the biggest investor in Vietnam. "I think you'll begin to see business groups from across the region teaming up to invest in third countries," says Mr Wu. "It's all about sharing risks. That's how

market rate); the price of elec-

tricity has just increased five-

fold, except for government

employees; and the cost of pet-

rol rations (often resold on the

black market) has risen from

16 to 25 kyat per imperial gal-

Reforms implemented so far

have encouraged construction

and consumer spending and

lon in the last few weeks.

Trade flows are following

#### INTERNATIONAL NEWS DIGEST

### NZ, Australia end plans for open skies deal

Any hopes of establishing "open skies" between New Zealand and Australia were finally dashed yesterday, when transport ministers from the two countries acknowledged that a 1992 agreement, which would have given Air New Zealand access to Australia's domestic market from November 1, will not

Mr Laurie Brereton, the Australian transport minister, said the 1992 memorandum of understanding would now go an further than the existing concessions which allow Air New Zealand to pick up the equivalent of 12 jumbo jet loads of passengers in Australia each week and take them to another overseas destination.

Mr Maurice Williamson, his New Zealand counterpart, conceded that the climate had changed since the agreement was signed, in part because the Australian government was possed to float its remaining 75 per cent stake in Qantas, the Australian flag carrier, next year. Air Zealand's entry into the Anstralian domestic market, as a second competitor alongside Ansett, would almost certainly have disrupted Qantas's domestic revenue flow.

The aviation row broke out two weeks ago when Australia unilaterally "froze" the memorandum - just days before Air New Zealand would have been permitted to fly internal Australian routes. There has subsequently been speculation that the Australian authorities were keen to encourage a tis-up between Ansett and Air Zealand, thus extending the duopoly which exists in Australian air services across the Tasman Ansett already flies domestic routes in New Zealand. Nikki

#### S Korea to apply to OECD

South Korea expects to apply for membership in the Organisa-tion for Economic Co-operation and Development next month, the ministry of finance said yesterday. The application would follow Korea's acceptance as an observer on the OECD's financial market committee, which is expected to be granted by the end of November.

Secul plans to begin formal negotiations to become the OECD's 26th member during the second half of 1995, with a goal of having its membership approved by June 1996. But the negotiations are expected to be contentious, since the OECD is demanding that Korea accelerate its schedule for financial liberalisation, while Seoul argues that any such move would be detrimental to the economy. Seoul is planning to phase out state-supported industrial loans and deregulate interest rates; while opening up financial markets gradually to foreign investors and reduce controls on capital flows. But the full extent of these measures are not scheduled to occur until after 1996. North Korea yesterday gave a cool response to South Korea's recent decision to resume economic co-operation with Pyongyang. A commentary by the North Korean central news agency demanded that Seoul should apologise for suspending economic ties with Pyongyang over the nuclear dispute and repeal its national security law before co-operation could

But South Korean officials said the statement appeared to be a routine propaganda attack and did not amount to a total rejection of Seoul's offer. They noted that the commentary had not been issued by any government agency officially responsi-ble for inter-Korean affairs. John Burton, Seoul

#### Indonesian aircraft rolls out

Indonesia's first aircraft to be designed and assembled by the country's state-owned aircraft maker, PT Industry Pesawat Terbang Nusantara, was rolled out yesterday in an elaborate ceremony presided over by President Suharto. Development of the N-250, a 70-seater turboprop aircraft 10 years in the making, has been criticised by the World Bank which says the Indonesian government would do better to invest its money in industries where profitable returns are more certain.

There are concerns that it will be difficult to sell the N-250 a pet project of Mr BJ Habibie, Indonesia's minister for research and technology - on the international market where it will compete with the models and services of long-estab-

However, Mr Habibie said yesterday that IPTN, in which \$950m (£580m) has been invested over the past 18 years, had signed a letter of intent with Gulfstream International Airline of the US for an order of four N-250s and an option on six more. Press reports earlier this year said FFV, a Swedish leasing company, signed a memorandum of understanding with IPTN for the purchase of 24 N-250s for delivery in early 1996. In addition, three domestic carriers, Sempati Air, Merpat Air and Bouraq Airlines, yesterday ordered 16 N-250s with an option to order a further 162.

Mr Habible said he was looking for a US location to set up an assembly plant for the aircraft and said General Electric of the US had agreed to take a 10 per cent equity stake in IPTN's US venture. Mr Habibie also said he was talking to Boeing. which was considering taking an equity stake in the planned US plant. The plant would be 40 per cent owned by IPTN and is expected to make its first delivery of a US-assembled Indonesian-designed aircraft in the second half of 1998. Manuela Saragosa, Jakarta

UN seeks aid for Afghanistan

The United Nations yesterday launched a \$106m appeal for humanitarian aid for Afghanistan amid fears that the onset of winter will soon bring additional suffering to the country. With no end in sight to the battles between militia groups which have plagued Afghanistan since the departure of Soviet troops in 1989, the UN is making desperate efforts to relieve the militia groups the large troops in 1989, the UN is making desperate efforts to relieve the militial source. the misery for ordinary Afghans, including 500,000 who have abandoned their homes in the past year. Most have fled Kabul, which has lost a third of its population since January 1, when rival commanders started battling for control of the city. In addition, the UN is assisting about 3m refugees still living in camps in Iran and Pakistan and about 2m who have returned to their homes in Afghanistan. UN officials say that even taking into account Bosnia and Rwanda, Afghanistan remained their biggest relief operation in the world. The latest appeal will fund operations until next autumn and follows a similar appeal which raised \$60m last year. The officials, who visited Kabul this week, described life in

the city as grim, with shortages of food, fuel and medicines compounding the effects of frequent rocket bombardments and street fights. They said about 120,000 people were still living in the districts directly under attack, mostly because they were too poor to move anywhere else. With the temperatures dropping, they face cold and hunger, particularly as relief supplies to the city have been repeatedly interrupted by a blockade imposed by mujahideen fighters. Stefan Wagstyl, Islamabad

### Exchange rate imprisons Burmese economy

Nationalistic devotion to a strong kyat is restricting both investment and exports, writes Victor Mallet

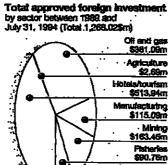
ear of persecution is not an emotion normally associated with seminars on financial markets, but then Burma's military junta does not preside over a normal financial system; after 32 years of socialist military dictatorship, it runs one of the world's poorest and least sophisticated

"It is time to take appropriate steps for the formal opening of a stock exchange in Yangon [Rangoon]," declared Brig-Gen Win Tin, the Burmese finance minister, at a recent seminar sponsored by Japan's Daiwa Research Insti-

But the Burmese bureaucrats, academics and businessmen attending the meeting were visibly frightened to be asked by a journalist for their views on Burma's economic policies and the prospects of a stock market. They shuffled their feet nervously and said they could not speak without official permission.

Particularly unwelcome were questions about the most urgent financial issue confronting the junta – the overvalued official exchange rate of the kyat, the local currency. In theory a dollar buys just under six kyats, but on the black market it will fetch 115 kyats.

The exchange rate policy of the State Law and Order Restoration Council (Slorc) - as the junta calls itself - restricts both inward foreign invest-



Agriculture \$2,69m \$513,940 nutacturing \$115.09m

Investors and exporters would receive far too few kyat for their dollars if they ran their businesses in a conventional manner, and they have been forced to avoid the obstacle by engaging in complex joint ventures or barter arrangements involving the export of beans and other agricultural produce.

Slorc's obsession with an artificially strong currency would also block the disburse-ment of funds from the World Bank, the International Monetary Fund and the Asian Development Bank, if such funds were not already blocked by western protests against Slore's many human rights

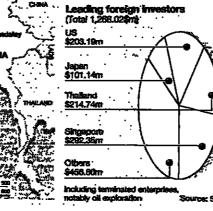
Slorc generals, trained as sol-diers rather than economists, talk vaguely of an eventual



"convergence" between the official and unofficial rates. They argue that the exchange rate is not a problem because they tolerate dealings on the

he armed forces and istically low amounts of kyats for their imports. And the officalculate all import tariffs, much-needed tax revenue.

in several ways.



black market, but the policy distorts the Burmese economy

state-owned enterprises, for example, are allowed to import weapons and raw materials at the official rate, which means they pay unrealcial exchange rate is used to depriving the government of

"They are always talking about a market-oriented economy," says Mr Ho Chin Beng,

goon of the Development Bank of Singapore. "But the one main stumbling block remains the official exchange rate of

The Slore's reluctance to tamper with the exchange rate is based partly on its collective respect for Gen Ne Win, the 83-year-old former dictator who, from his retirement, is believed to exercise considerable control over younger generals. He is adamantly opposed to devaluation on nationalistic grounds.

Slore generals also fear that a devaluation will boost inflation - already running at an estimated 40 per cent - and anger the poor by increasing the cost of basic products such as cooking oil. These are sold by the state enterprises that currently enjoy a hefty

on a series of economic reforms. They have encouraged foreign investment, eased restrictions on tourists, liberalised agriculture, legalised the vigorous border trade with China and Thailand and allowed the establishment of private banks and private Foreign companies, particularly from Singapore and Thai-

ma's generals have embarked

exchange rate subsidy. In the past few years, Bur-

land, have responded enthusiastically. Twenty big hotels are under construction in Rangoon. Seventeen foreign banks have been licensed to open representative offices. Newly-imported second-hand cars are creating the first traffic jams for a generation. Consumer goods such as televisions are on display in the shops, and economic growth last year is estimated at 6 per cent.

In its efforts to revive the economy, the Slorc has even risked incurring Gen Ne Win's wrath by introducing currency notes in sensible decimal denominations such as 10 and 100. For years the Burmese had to count their money laboriously in notes of 90 and 45 because nine was the general's lucky number.

Slorc ministers have also tentatively begun to raise the cost of basic services for the country's 43m inhabitants towards more realistic levels. Last year, Rangoon bus fares were doubled to two kyat

attracted hoteliers and crafty foreign commodity traders to Burma. But many Japanese and western companies are reluctant to invest in a country where the regime is unpopular with its subjects, the banking system remains primitive, corruption and bureaucracy are rampant and repatriation of profits depends on the ability to export beans or lentils. "Things are changing on the

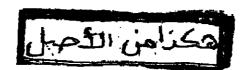
surface, but there's no structural change," says one Burmese businessman. Rangoonbased diplomats agree, pointing out that other south-east Asian economies such as Thailand and Indonesia have been able to succeed despite corruption and military influence because trained economists and technocrats control macroeconomic policy. This is not the case in

Burma. "The problem is that sooner or later, as all these niche opportunities created by the reforms are taken up, the whole system will hit the ceiling and be held back by the structural impediments," says one diplomat.

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### Vietnam branches for US banks

By Our Hanoi Correspondent

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15 to OECD

Vietnam yesterday gave approval in principle to branch status for Citihank and Bank of America.

The approval will allow the two big US banks to do business in Vietnam for the first time since they were forced to abandon the country in 1975.

An official from the country's central bank, the State Bank, confirmed that both banks would be able to The state of the s upgrade their representative offices in the capital, Hanoi, and in the southern industrial hub of Ho Chi Minh City, to full branches once the technical details had been sorted out Hanoi.

- a procedure which is common to all foreign branch applications.

Both banks have had representative offices in Hanoi and Ho Chi Minh City since early 1993. Although they applied for full branch status shortly after President Bill Clinton removed the trade embargo on Vietnam last February, the approval process has been dictated largely by the pace of normalisation of relations between the two countries.

"We wish it had been given to us much earlier but we are pleased to have got it nevertheless," said Mr Chuyen Uong, Citibank's representative in month agreed to establish diplomatic liaison offices in each

capital by year's end. Officials from both banks said they expected their branches to be up and running by early next year. The bulk of

About 20 more applications are understood to be in the pipeline

their business would be wholesale banking and, in the case of Bank of America, advising the government on financing the

Vietnam and the US last rebuilding of Vietnam's crippled power sector.

"I think they're sending a positive message to the US." said Mr Luu Le Bank of America's Indochina manager who, like Citibank's Mr Chuven, is of Vietnamese origin and managed a branch of his bank in the then Saigon before the communist victory in the Vietnam war forced them to close

The Citibank and Bank of America branches bring the total number of foreign branches to 11 in this country of 72m people.

About 20 more applications are understood to be in the pipeline but hanking analysts

that when the economy at last

recovers from the long reces-

sion, companies will have a dif-

ferent set of objectives that

will exclude many of them.

The education ministry says:

"Structural changes are now

affecting the employment of

graduates; the numbers are

opportunities are

thinner than ever

and a mood of

doubt has

likely to fall further yet.

Employment

say there are signs that Vietnam is starting to look overbanked and that few foreign branch licences are likely to emerge for the time being. State Bank figures show that combined loans among foreign

banks amount to only \$100m (£62m). Most of them are short-term loans. Bankers say they are reluc-

tant to lend to state-run or even private Vietnamese companies, whose accounts are murky at best and where recourse to collateral has not vet been tested.

They are also still smarting from the imposition last year of an unpopular turnover tax

But, more importantly, Japa-

nese companies are becoming

much more choosy in their

recruitment. When employ-

ment prospects do improve, the

chances are that job opportuni-

ties for graduates will be less

rosy. According to one employ-

ment consultant, businesses

for years snapped up the

annual supply of graduates,

investing vast capital in them

in the expectation that they

would produce a long-term

return over a lifetime of

employment. Now, he says,

companies are operating on a

more inclined to tap the pool of

already qualified labour and

see earlier returns on their

investment. They see new

graduates as expensive, illiquid

assets. Better to have fully

functioning liquid assets on your books."

like Mr Sano are already advis-

ing students that this means a

good university education,

University careers advisers

"Companies are becoming

shorter timescale.

### Egypt to resume talks

By Mark Nicholson, Middle East Correspondent

Egypt is to resume formal talks with the International Monetary Fund this year, to try to break a deadlock between the two sides over devaluation of the Egyptian pound.

A Fund mission is expected in Cairo before Christmas to discuss devaluation and a raft of other issues, including reform of Egypt's tax and trade policies and the pace of

its privatisation programme. Agreement to give new impetus to formal negotiation followed brief talks in Cairo this week between Mr Atef Sidki, Egypt's prime minister, and Mr Stanley Fisher, the new IMF managing director. Direct negotiations foundered in July when a team of Egyptian ministers failed to

reach agreement on devaluation and a package of related issues in Washington. The IMF has been pressing Egypt to devalue the pound as

part of its three-year-old structural adjustment policies saying the currency is as much as 40 per cent overvalued and seriously impedes attempts to generate export-led growth. The pound has been held at around E£3.38 to the dollar for the duration of the IMF and World Bank stabilisation and

structural reforms. The government has refused saying devaluation would shatter hard-won confidence in the currency, which in turn has contributed to strong inflows of expatriated Egyptian money and reserves

now topping \$16bn. Neither Egyptian nor IMF officials would comment on this week's talks, but it is understood no substantive agreement was reached other

After the IMF talks, the government announced plans to sell shares in 17 public sector companies worth around E£1.5bn (\$440m) by January 17 to give a push to its hitherto sluggish privatisation programme

### Government in Nigeria accused of repression Amnesty International to crush pro-democracy pro-

yesterday accused the Nigerlan government of jailing hundreds and killing dozens of opponents to stifle political activity, write Paul Adams in

Lagos and Reuter, The human rights pressure group said it considered Chief Moshood Abiola, winner of the 1993 presidential elections but imprisoned by the military government, as a prisoner of conscience.

"The country is now facing one of the most serious human rights crises for decades, triggered by these killings of critics, imprisonment for treason of the president-elect of Nigeria and the detentions of ethnic group leaders, prominent trade unionists and opposition politicians." it said.

Amnesty called on the Nigerian government to release all prisoners of conscience and abolish legislation allowing indefinite detention without charge or trial.

It accused the government of arresting hundreds of demonstrators, detaining government critics and using "lethal force" tests and strikes.

"The military government of General Sani Abacha has shown its contempt for the rule of law and internationally recognised human rights by silencing the opposition not only in the press and the streets, but also in the courts,"

it said. . Amnesty also accused the government of repressing the impoverished Ogoni people of southeast Nigeria who have protested against pollution by

oil companies. Meanwhile, Nigeria's constitutional conference has been extended by at least two months until next January.

Delegates at the conference in Abuja will review proposed changes to the constitution until December 8, then begin to approve a draft constitution on January 9.

The conference was set up by Gen Sani Abacha's military regime, which seized power after the annulment of last year's presidential election. to pave the way for the promised

### Zimbabwe farm seizure allowed

Three white Zimbabwean farmers whose land was earmarked by the state for forcible seizure for resettling landless blacks have lost a High Court case to stop the government acquiring their farms, Reuter reports from Harare. In a judgment made available to reporters yesterday,

Justice Godfrey Chidyausiku ruled that a 1992 law giving the state sweeping powers to seize farms for resettlement did not violate Zimbabwe's constitution.

In his 22-page ruling, Justice Chidyausiku said: "The consti-tution recognises and codifies the state's right to compulsorily acquire property, and indeed elevates the individual's entitlement to compensation for compulsory acquisition to the level of a fundamental right."

The farmers - Alistair Clothered Davis, Michael Anthony Clark and Erna Rhodena McClean - had argued that since the state offered no compensation when it designated land for seizure, and only compensated on transfer, the concept of earmarking land contradicted the constitution.

But the court upheld the state's submission that it was exercising its regulatory powers of earmarking land pend-

ing future acquisition. Zimbabwe's population of

10m includes 100,000 whites.

### Japanese students feel jobs squeeze

Recession means a university education is no longer enough, reports Gerard Baker

he cloistered serenity of one of Japan's more exclusive educational establishments has been disturbed. Gakushuin University, a sylvan oasis in Tokyo's concrete desert, has been the alma mater of Japan's emperors for centuries. Mere mortals have thrived there, too - a degree from Gakushuin is usually considered a ticket to a safe career in Japan's economic aristoc-

But this year, employment opportunities are thinner than ever and a mood of doubt has nunctured the self-confidence of many of the nation's elite students. According to Mr Makoto Sano, who runs the job placement office, fewer than a fifth of students have already found jobs - half the number this time last year, itself one of the worst years ever. The employment outlook has deteriorated so sharply that the university has for the first time established special seminars aimed at equipping this year's graduates with the tools needed to impress would-be employers. "The students' situation is more difficult than for many years," he says

There has scarcely been a worse time to be graduating from a Japanese university, traditionally the natural pool of labour for the country's cor-

showed that the proportion of university students graduating this March who found employment slumped to its lowest level since 1950. Just 70 per cent of college-leavers found jobs in the annual round of company recruitment, down from 76 per cent last year and nearly 12 points below the

Total graduate employment rate 80% ---- ---Female 70% :

peak year of 1991. The figures do not just dem-

onstrate the severity of the lingering recession. They herald a significant change in the Japanese labour market as companies continue the painful process of adjusting to the more competitive climate of the 1990s. They suggest the secure progress from school to univer-Figures published this week sity to corporation, taken for

by the education ministry granted by the nation's graduates, may be a thing of the

The scale of the downturn has been magnified by an atavistic tendency by Japanese companies to resist redundancies. Faced with falling demand and excess capacity, the leading employers have all cut recruitment more deeply

Toyota Corporation has reduced its graduate intake from nearly 900 three years ago to an expected 200 this year. NTT, Japan's and the world's largest company, has frozen recruitment completely. Matsushita Electric is planning to take on its lowest number of graduates since 1979. As ever in Japan's male-dom-

inated economy, women have been particularly affected by the slump in graduate demand. The employment rate for female university graduates sank this year by 8 points to 67.6 per cent. Since 1991. the average number of job offers per female college graduate has fallen from 1.98 to 0.87. Labour market-watchers say Japan's women are entering an 'employment ice age". According to a report by the Japan Productivity Centre this year, 51 per cent of graduate-recruiting companies were expecting not to recruit women at all.

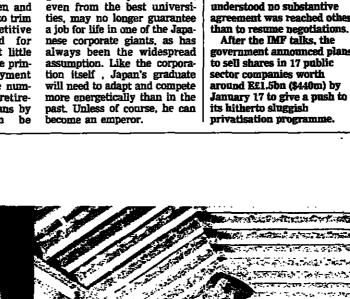
What alarms many students.

male and female, however, is

punctured the self-confidence of many of the nation's elite students

The shift of manufacturing response to the high yen and the need for businesses to trim costs to remain competitive will weaken demand for labour. There is as yet little prospect of an end to the principle of lifetime employment

production offshore in and so smaller graduate numbers and more early retirements are the only means by which payrolls can be





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### Charities face long wait for lottery cash

By Raymond Snoddy

Mr David Sieff, chairman of the National Lottery Charities Board. admitted yesterday that the board, which could have £100m a year to distribute to charities, may not start making grants until late next

The admission came a week before the first multi-million-pound National Lottery draw takes place on November 19. Twenty per cent of the proceeds of the lottery will be board, and between 150,000 and 200,000 applications for money are expected each year.

There is growing concern, however, that delays may mean that the board may not be in a position to accept applications until "the latter half of next year", according to its acting secretary, Mr Kirk Coulson-Gilmer.

Charities already fear that the National Lottery will have an overall net adverse effect on their funds. "It's a shambles. An absolute asked not to be named said yesterday of the progress made so far by the Charities Board.

Mr Sieff, a director of Marks & Spencer, admitted yesterday: "If we are going to succeed we need time to prepare - certainly many months before we can begin the actual distribution of funds.

Money will be held in interest-bearing accounts until grants are made. Mr Sieff added that he would not be put off from doing the

disgrace," a lottery specialist who job properly "either by media pressure, or by the understandable anxiety or impatience of possible recipients of grants"

At the moment the board is staffed by four civil servants on secondment from the Home Office, although consultants with expertise in business systems, management and public relations have also been engaged. Advertisements for a chief executive

were placed just two weeks ago. that charities trying to contact the answering machine. Calls have been going instead to both Camelot, the lottery operator, and the Office of the

National Lottery. At a meeting last week attended by Camelot and Charities Board representatives, it is believed that Camelot asked what callers to the Lottery Hotline should be told about the Charities Board.

ere placed just two weeks ago.

A board member suggested they should be asked to call back in a few

are rising rapidly.

the result that truck imports

Imports accounted for 58.5

er cent of the UK truck mar-

ket in the first 10 months of

the year compared with 49 per

cent in the corresponding

period a year ago. Registra-

tions of imported trucks rose

by 43.9 per cent compared with

an increase of 20.6 per cent in

Renault - albeit from a small

### Court rules for British Coal in patents case

UK NEWS DIGEST

British Coal is likely to benefit by several million pounds after the Court of Appeal ruled in its favour in a patent case involving its Coal Products subsidiary. The case could also have implications for the corporation's forthcoming sale of the subsidiary, which manufactures smokeless fuels. In the Court of Appeal ruling, judges unanimously overturned a decision of Mr Justice Mummery who found Coal Products had infringed the Belgian company Glaverbel's patented process for repair-

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ing the liming of refractory ovens.

Coal Products said it based the process on technology which it has always asserted are in the public domain. Mr Andrew Inglis, a partner at Nabarro Nathanson, a firm of solicitors acting for British Coal, said he expected the Court of Appeal to order Glaverbel to pay British Coal's costs. British Coal-bas selected four companies as preferred bidders for Coal Products including Anglo United, the quoted company which makes the Coalite smokeless fuel.

#### Treasury issues rules for new investment companies

The UK Treasury yesterday set out part of the regulatory framework it intends to put in place for open-ended invest-ment companies - a different form of pooled investment funds from unit trusts - when they are allowed in the UK next year. OEICs are common in other European countries and in north America, where investors and their financial advisers are unfamiliar with unit trusts, and their introduction into the UK is intended to help British fund managers compete more

Among the significant elements to the regime will be that OEICs will be able to include "umbrella funds" - through which an OEIC is made up of a number of sub-funds - and that "bearer shares" will also be allowed. Both are allowed but rarely used in unit trusts, but many investment managers believe they will be more popular for the new investment

Allowing bearer shares - a different way of establishing ownership of the investment - should make it easier for fund managers wanting to sell elsewhere in Europe, in countries such as Germany and France where this form of share is much

#### R-R and British Aerospace support competitiveness effort

The Society of British Aerospace Companies yesterday launched a campaign to improve the competitiveness of the industry. The initiative flows from the Department of Trade and Industry's White Paper on competition, and is similar to that aiready launched in the motor industry. Mr Tim Eggar, industry minister, opened the scheme at a seminar in central London. The campaign is supported by large companies such as British Aerospace, GEC and Rolls-Royce.

The society's "Competitiveness Challenge" encourages aerospace manufacturers to share information about best industry practice and to co-operate to deepen understanding between component suppliers and the big assembling companies. It will use seminars, workshops and self-assessment questionnaires to help companies understand where their advantages and problems lie. The UK aerospace industry has improved its balance-of-trade surplus in the past decade, a distinction shared only by the chemical and pharmaceutical industries.

#### Government goes on-line

A pilot project to provide access to government documents through the Internet, the international computerised information network, was announced yesterday by Mr Robert Hughes, the junior science minister. Information from the Stationery Office, which publishes official documents, and the Citizen's Charter Unit will be among the first government contributions to the growing electronic network. Government information can be accessed through internet on www.open.gov.uk.

#### Fire-eater down in the mouth

A fire-eater who claims he failed a drink-drive breath test because of paraffin he had put in his mouth for a performance is to take part in a unique hospital study in a bid to prove his innocence. Mr Darryn Saville, 28, will plead not guilty to drink-driving if the intoximeter test to be carried out at The London Hospital shows that paraffin puts him over the legal

Mr Saville of Woking, Surrey, was arrested on July 28 on his way back from a public fire-eating show. A breath test showed he was 21/2 times the legal drink-drive limit, Camberley Magistrates Court heard yesterday. His defence lawyer said Mr Saville, who works during the day as a ceramic tiler, had put paraffin inside his mouth for his performance just half an hour before he was arrested. The case was adjourned until

### Court judgment may shield Lloyds . Names' assets

By Ralph Atkins Insurance Correspondent

A Court of Appeal ruling yesterday threatened to undermine efforts by Lloyd's to collect more than £1bn owed by lossmaking members and to create confusion about the legal status of some of the insurance market's

Hard-hit Names, individuals whose assets have traditionally supported the market, wel-comed the court's verdict that lloyd's might have broken European competition law - in particular by asking them to contribute to a "central fund" while underwriting.

The central fund is used to settle claims on policies under-written by Lloyd's when Names refuse, or are unable, to provide the funds required and also to ensure the market passes UK government sol-

The court also raised a question mark over whether Lloyd's practice of encouraging the reinsurance of its policies within the market might also have breached European competition law.

The decision, overturning an lower court's ruling, could affect Lloyd's attempts to

recover £1.2bn earmarked from the central fund (and other assets) to cover possible liabilities on policies underwritten by Names.

It will give aggrieved mem-bers an excuse not to pay sums demanded by Lloyd's at least until the arguments are considered in a full court trial - possibly not until next autumn. If the central fund is declared void, that would raise the question of whether Lloyd's should repay money paid into the

However Lloyd's said it would continue its debt recovery operation and planned an early appeal to the House of Lords. It pointed out that the court had been considering only preliminary issues and whether Lloyd's had contra-

vened European law. Lloyd's is also applying to Brussels for the exemptions from European law that the Names who brought the legal case argue they may need.

The Names' Writs Response

Group argued that because the Lloyd's market comprised an "association of undertakings", arrangements made centrally could amount to a cartel agree ment under the Treaty of

### CDs squeeze vinyl's share of music market to 3%

Vinyl discs account for little more than 3 per cent of UK sales of recorded music compared with almost 65 per cent in 1982, when compact discs were launched, says a study published by the Datamonitor market research consultancy. Datamonitor predicts that vinyl will "soon be a thing of

Most big music companies and retailers no longer make or sell albums or singles on vinyl, which is now restricted to a cult market of disc jockeys

almost as quickly as those of vinyl have fallen. After five years on the market CDs represented 12.6 per cent of recorded music sales in 1987 and claimed 60.5 per cent last year. Audio cassettes, which gained share for a brief period

immediately after the launch of CDs accounted for 56.3 per cent of the market last year, roughly equivalent to their 35.3 per cent share in 1982. Datamonitor believes CDs

will continue to gain share because only 37 per cent of UK homes have a CD player. This relatively low level of

sales in the future as more households acquire players and replace their old vinyl record collections with compact discs. Datamonitor also anticipates

additional growth as new music media, such as Sony's MiniDisk format and Philips' digital compact cassette, gain ground. As a result it expects the recorded music and blank tapes market to expand from last year's £1.6bn to £1.85bn in UK Records & Tapes. Data-

monitor, 106 Baker Street, London W1M 1LA £395.

### Trucks boost vehicle sales

Motor Industry Correspondent

New UK commercial vehicle registrations rose by 15.1 per cent last month to 18,590 with the help of a big increase in truck sales. In sharp contrast to recent

trends in the UK new car market, where registrations fell by 3 per cent last month, demand for commercial vehicles has been strong since the summer. In the first 10 months of the year new commercial vehicle registrations increased by 15.5 per cent to 195,540, according to figures released by the Society of Motor Manufacturers and Traders. That compared

new trucks (above 3.5 tonnes gross vehicle weight) jumped by 58.7 per cent in October to The truck sector has led the

commercial vehicle market out of recession with registrations rising by 20.6 per cent in the first 10 months of the year to Sales of heavy trucks (above 15 tonnes) most importantly to long distance hauliers and to

the first ten months. with a rise of 8.5 per cent in new car registrations. Sales of

growth with registrations increasing by 27.7 per cent in European truckmakers intensified marketing efforts in the UK, where growth has

been higher than in most continental European markets with

the construction industry, base - Daf and Scania have all gained ground in the UK heavy have achieved the strongest truck market. Iveco, the commercial

overall truck sales.

vehicles subsidiary of Fiat of Italy and overall leader of the UK truck market, has suffered a significant loss of market share to 22.6 per cent from 24.7 per cent a year ago.

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British aid laws, The 1980 Overseas Development and Co-operation Act appeal failed. says the primary purpose of aid must be the economic benefit of a

Mr Douglas Hurd, the UK foreign country or the welfare of its people. secretary, acted unlawfully in The government was refused leave earmarking £234m (\$376m) from by the judges to anneal. But the For-Britain's overseas aid budget for the elen Office said later it is was con-Pergau dam in Malaysia, the High sidering whether to apply to the Appeal Court direct for permission The court said the grant of aid was to challenge the ruling.

Mr Hurd said the UK contribution was "economically unsound" and did to the Pergau project would go not promote the development of a ahead. He said the government country's economy as required by

where within the budget if the

"We are contractually bound; there are 200 British firms working there," he said on Channel Four News. "Unless we have a successful appeal, we will have to find other ways of financing it."

Mr Hurd said the legality of the deal was not questioned when he signed it. "The courts decide and the law has to be obeyed. Ministers have to take a view on what they can do in the national interest. That is what would provide the money from else- I sought to to do," he said. The deci-

World Development Movement, a lobby group, which had argued that Mr Hurd had overstepped his powers under the 1980 act by allocating aid money for the improper purpose of promoting trade with Malaysia

NEWS: UK

Baroness Thatcher, then prime minister, promised to provide financial help for the dam in 1989 while negotiating a £1.3bn arms deal with Malaysia.

Mr Hurd had authorised the spite of advice from Sir Tim £234m loan.

tary (top official) at the Overseas Development Administration, that the dam was uneconomic and funding it was 'an abuse of the aid programme".

Mr George Foulkes, Labour's shadow overseas development minister. said last night that Mr Hurd's position had become untenable. In Malaysia yesterday, Dr

Mahathir Mohamad, the prime minister, warned of retaliation if the UK first instalment of aid in 1991 in government was forced to drop the

"Legal or not legal, they must pay." he said. He added that if the loan was held up, Malaysia would withhold payment to Balfour Beatty. the British construction company which is the main contractor on the dam. Dr Mahathir said the work was awarded to Balfour Beatty only because of the loan.

In February, Malaysia put a ban on awarding government contracts to UK companies following unfavourable press reports about the Malaysian leadership. The ban ended

### **Scientists** advise changes in diet

By Roderick Oram, Consumer Industries Editor

Food manufacturers broadly welcomed yesterday a report recommending changes in diet to help reduce the UK's level of coronary heart disease. which is among the highest in Europe.

Leaks about the report during the summer prompted heavy lobbying by the Food & Drink Federation and some of its members such as Cadbury Schweppes, the confectionery and soft drink maker, Tate & Lyle, the sugar refiner, and United Biscuits.

They believed that the report by the cardiovascular review group of the Committee on Medical Aspects of Food Policy (Coma) would make detailed dietary recommendations suggesting, for example, cuts in consumption of sweets and biscuits.

Yesterday, however, Dr Kenneth Calman, the government's chief medical officer. distanced the government from some of the report's recommendations such as a reduction in salt consumption. He also stressed that the committee's recommendations were only broad guidelines and that the government's own nutrition targets remained unchanged.

Some British companies such as United Biscuits are already offering a far wider range of reduced-fat products outside the UK than at home. Coma's most controversial recommendation was a onethird reduction in salt consumption.

The report also recommends people should eat more vegetables, fruit, bread and potatoes and more oily fish. They should also take moderate exercise

### Lords may start PM wins backing for register of outside interests

By Kevin Brown, Political Correspondent

The House of Lords, the unelected upper chamber of parliament, is considering opening a register of members' interests to bring lords into line with the elected House of Commons in the wake of allegations of impropriety against ministers and other MPs.

in London and Kieran Cooke

Court ruled in London yesterday.

"fatally flawed" because the project

in Kuala Lumpur

The proposals, prompted by the prime minister's Commons statement on standards of public life, are being drawn up by the powerful Lords procedure committee, which sets guidelines for the conduct of business in the House.

The committee chaired by Lord Ampthill, a crossbencher. is expected to receive a report shortly from Sir Michael Wheeler-Booth, clerk of the House, on the practicalities of setting up a register.

However, a register could be established only after a vote on the floor of the house. It would probably be supported by most Labour and Liberal Democrat peers, but might face opposition from Conservative backwoodsmen.

Peers say that such a big constitutional innovation would probably have to be decided on a free vote, which would mean that party leaders would have little control over the outcome.

Viscount Cranborne, leader of the Lords, was not availble that is debated."

for comment on the proposed register.

However, he told peers last month that "in view of the current climate, it is clearly right that the question should be examined again." Much of the impetus for the

register has come from Lord Richard, Labour's leader in the Lords, who has also pressed for the upper House to be subject to oversight by the new standing committee on public standards, chaired by Lord Nolan. "As far as we are concerned this is something that ought to be pressed. Standards in the Lords should be the same as the standards in the Commons. and that would include a register of the interests of members," Lord Richard said.

However, lords involved in the debate point out that the unelected house faces special problems in compiling a register because it is difficult to apply sanctions to members who refuse to comply.

"All that could really be done would be to withdraw the party whip, which would not worry most peers too much," one senior peer said. "Things are really more casual up here than they are in the Commons. So many [Lords] have outside interests of their own. "People usually declare spe-

cific interests, but if you own half of Scotland you have an interest in almost everything

stance on EU payments industry secretary, raising the

Minister acted unlawfully over Pergau, court rules

Mr John Major yesterday won cabinet backing for a battle plan for controversial European Union leg-

islation and public spending cuts of between £4bn (\$6.6bn) and £5bn, our Political Staff write. As the cabinet put the finishing touches to the spending side of the coming Budget, backbench rightwing rebels dismissed reports that Mr Norman Lamont, the former chancellor, plans to challenge Mr Major for the Tory leadership.

In a further embarrassment to the government, it emerged that the powerful House of Commons trade and industry committee is considering whether to reopen a shelved inquiry into the future of the MPs said the committee

might call evidence from Mr Michael Heseltine, trade and a limited disablement rights

prospect of damaging revelations about the cabinet's decision to bow to pressure from a handful of backbench opponents of privatisation.

Mr Bill Cockburn, the Post Office chief executive, last night met Mr Heseltine for the first time since the abandonment of privatisation to demand rapid progress towards greater commercial freedom. Mr Cockburn is understood

to have sought a reduction of £100m in the annual Post Office levy to the government. Details of spending plans put

forward by Mr Kenneth Clarke chancellor of the Exchequer, were tied up after ministers accepted compromise proposals from Mr Peter Lilley, social security secretary, for cuts to the £8bn housing benefit bud-

Ministers also agreed the outstanding details of plans for

bill designed to mollify those outraged by the government's opposition earlier this year to a more comprehensive backbench bill. But most of the hour-long

cabinet meeting was taken up with a debate on the forthcoming bill to increase British con-tributions to the EU, which is bitterly opposed by Tory Eurosceptics.

Mr Major warned the cabinet that all EU governments are committed to implementing the increase in contributions by early next year.

He urged ministers to make clear to rightwing critics that the cost is estimated at only £75m next year, and a maximum of £250m by the end of the decade. The prime minister told min-

isters to make sure backbenchers understand that the bill would lock in British rebates from the EU budget until the end of the century.



John Major: warned his cabinet colleagues that all EU governments were committed to increasing their contributions

### Private funding of public works 'accelerating'

By Charles Batchelor. Transport Correspondent

The pace of the government's private finance initiative will accelerate over the coming vear. Sir Alastair Morton. chairman of the government's private finance panel, said yesterday.

He identified a number of new areas where the initiative

City institutions interested in participating schemes that they would be expected to share the risks.

There was no benefit to the government in replacing public funds with a straightforward lease which simply spread out payments.

"The one thing the City is not going to get is finance £10bn identified. "After a lot of spending.

ing a padded project management fee," said Sir Alastair. 'We won't wear that."

The initiative, launched two years ago, had been slow to start, but resistance in some government departments was being overcome and potential

might be applied and warned leases dressed up with a gov- wheel-spinning there is a ernment guarantee and carry- momentum which will produce private finance might work a lot of done deals within the next six to nine months," Sir Alastair said.

He was speaking two days after Mr Kenneth Clarke, the chancellor of the Exchequer. unveiled plans to force Whitehall departments to seek outprojects with a total value of side funding for all capital

One area identified where was in as yet unprivatised organisations such as London Underground and the Post Office, which could buy in many services. "Does London Underground need to own the pumps which keep its tunnels dry, electricity power stations,

its escalators and its signal-

ling?" Sir Alastair asked.

A healthier diet would reduce the incidence of heart disease in Britain, said Prof Michael Marmot, Coma chairman. It remains higher than all European countries except Finland, the Republic of Ireland and the countries of central and eastern Europe.

### **OUR MANAGEMENT TEAM**

MANAGEMENT MEANS MORE THAN JUST COPING WITH DAY TO DAY BUSINESS. THAT'S WHY OUR MANAGEMENT TEAM KEEPS A SHARP



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SO, TOGETHER, LET'S CARE.

# Nothing left to luck

Operators of the UK's first national lottery believe they have ruled out system mishaps, says Vanessa Houlder

lottery is launched next week, the win-ning numbers will be picked by a mechanical structure resembling a Perspex cement mixer. It is virtually the only low-tech aspect of the lottery, which will use a sophisticated infrastructure of terminals, network and processors to deal with up to 15m transactions an

Although the equipment has mostly been tried elsewhere, its quantity and the short time avail-able for its installation have won the lottery a place in the record books. Over the past 25 weeks, members of the Camelot consortium, which runs the lottery, have worked flat out to manufacture and install 10,000 lottery terminals, set up the communications network and train nearly 35,000 retail staff. The most visible part of the system is the retailers' terminals, which scan customers' gamecards

be presented to claim any winnings. The terminals, 27,000 of which should be installed by the end of 1996, have been designed by GTech, the US lottery operator and member of the Camelot consortium. It used

and print out the tickets that must

hen the UK's national a 10-year-old design, which has been upgraded by the addition of a liquid crystal display panel and a device to read bar codes on the tickets. GTech says the technology is tried and tested. "The design was already done, the technology was in place. The challenge was just the scale of the system," says Don Stanford,

senior vice-president for technology. Bob King of ICL, which built and installed the terminals, agrees. "The complexity simply comes from the very short timescale involved. The actual making of the terminal and installation of the terminal is straightforward," he says.

Racal, responsible for linking the terminals with the lottery processing centres at Rickmansworth, outside London, and Aintree, in the north-west of England, has also used relatively old technology. "The timescale was extremely aggressive. You could not afford any new design or risky technology in case there was a hiccup," says Steve Hodson, executive technical man-

ager. The data will be transmitted using the X25 communications standard on what will be the UK's largest private terminal/host network. coincide with a This is an upgraded version of a ment activity.



ecards and print out tickets

six-year-old network which connects government offices around the country.

Racal, which has added 25 per cent of extra capacity to the net-work, believes the two uses of the

Camelot is satisfied that its software incorporates adequate security devices to prevent hackers breaking in

network will complement each other. For instance, the peak lottery traffic on Saturday afternoons will coincide with a low point in govern-

Not all retailers will be connected to the central processors by landlines. In less populated areas, some 5,500 retailers will use satellite dishes, served initially by Eutelsat

and eventually by Orion.

Accuracy, security and robustness have all been important considerations in building the network. Racal is confident that no one can be cheated of their lottery winnings through an error in the transmission of the data. "The chance of getting an error is infinitesimally small," says Hodson.

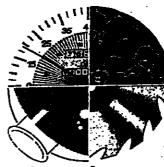
Likewise, Camelot says it is satisfied that its software incorporates adequate security devices to prevent hackers from breaking into the

The designers of the system have also tried to ensure that it can cope with the failure of processors or cables. If one processor fails, the Rickmansworth and Aintree sites between them have three other processors that could act as back-ups. It also has tried to ensure that a

failed line will not disrupt the lottery. At Rickmansworth, Mercury and BT have five different cables running into the building through separate ducts. As the system fans out to the retailers, only the last mile of cabling lacks the back-up of a second line. "It is a balance of cost against reliability," says Hodson.

It may take years before the system shows itself able to cope with all contingencies. But next week will provide the system's first and most challenging test. Camelot claims to be confident, as a result of its past experience with the technology. Unlike its customers, it trusts that nothing has been left to luck.

### Worth Watching · Vanessa Houlder



#### Early warning on Aizheimer's

More than a quarter of cases of Alzheimer's disease are thought to be incorrectly diagnosed. This disease, which inflicts progressive memory loss on almost one in 10 people aged over 65, can only be definitively identified by an examination of brain tissue.

US scientists, writing in today's Science, believe they have found a simple test for Alzheimer's which would allow it to be detected at an early stage. They found that patients suspected of having the disease were hypersensitive to the pupil-dilating effects of

tropicamide. The scientists, who work at Harvard Medical School, Brigham and Women's Hospital in Boston, Beth Israel Hospital in Boston and Northwestern University Medical School in Chicago, found that the tropicamide eye-drops, which were tested on 58 individuals, were 95 per cent accurate in identifying the

diseased patients.

The scientists believe that the tests could identify sufferers before the cuset of symptoms. when they could benefit the most from potential treatments. Harvard Medical School: US, tel 617 432 0440; fax 617 432 0446.

#### Transgenic mice make collagen

Dutch scientists bave bred "transgenic" mice that are capable of producing human collagen in their milk.

This development, which was achieved through injecting the relevant gene into a mouse's fertilised egg, is seen by the researchers as a step towards their goal of producing human collagen from the milk of transgenic dairy cattle. Gene Pharming Europe, a

Leiden-based transgenic technology company, working in

partnership with Collagen Corporation of California, believes that transgenic farming techniques could be a cost-effective method of producing large volumes of collagen, which is used for the treatment of burns, fractures and stress incontinence.

Gene Farming Europe. The Netherlands, tel 71 247400; fax 71

#### Computer with face. ears and feet

Compaq Computer, the world's largest personal computer company, has produced prototype novelty PCs — one called Mr PC : Head — in an attempt to increase sales to home users, *writes Geof* Wheelwright.

It recently asked a group of seven- and eight-year-old children what they thought the ideal computer would look like. The result is the Mr PC Head prototype, which looks like a computer monitor with a face, ears and feet.

Although it may never become a commercial product, the effort demonstrates how keenly Company is studying what it believes is a vast potential consumer market. It believes that PCs will need to look and operate a lot more like traditional consumer electronics products if they are to make further inroads into the home. Compaq: US, tel 713 370 0670.

#### Magnesium served up on a plate

A UK electroplating company believes it has found a method of plating magnesium which will allow the metal to be used more widely in precision engineering. The lightness and strength of the metal makes it an attractive material for equipment such as portable telephones but its susceptibility to corrosion has been a serious drawback.

Magnesium's high reactivity has hampered previous efforts to plate the metal. But Ingram & Glass, a Godalming plating company in conjunction with PMD (UK), a Coventry chemicals company, has developed a process which combines electroless nickel technology with magnesium chemistry that permits the mass production of plated magnesium die-castings.

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Ingram & Glass: UK, tel 0483 415262; fax: 0483 426951.

### Farmers turn to genetic control

The farming industry could be to get some of these products on the future go to biotechnology. on the brink of an important development in pest and disease control that would boost production levels to new heights. Gene transfer technology may be on the market in the next few years, but its success depends largely on public acceptance.

Scientists are using biotechnology methods to create insect and disease-free versions of widely consumed crops such as maize and wheat. Species that are resistant to specific insects and diseases have been developed by Micogen, Pioneer Hi-Bred, Monsanto, Ciba, Hoechst, Schering and others. Applications

market are now before the US Environmental Protection Agency.

The Food and Drug Administration in Washington said earlier this month that it would not oppose the development of two pest-resistant crops, a virus-resistant squash (marrow) developed by Asgrow and a beetle-resistant potato from Monsanto. These still have to win approval from the EPA, but it is a

step towards the market place. If all goes well, the market could be vast. US farmers alone spend about \$600m (£366m) a year to combat pests and diseases in plants. Much of that money could in the

But the industry is concerned that public opposition could slow the process. Americans are believed to be open to the idea of transgenic crops, but scientists say their acceptance is far from guaranteed. Many Americans oppose the transgenic Calgene tomato which was approved by the FDA a few months

Ironically, the surge in opposition to genetically engineered food prod-ucts comes as the EPA is hoping to encourage use of transgenics in farming. The agency believes bio-technology can cut the use of chemical pesticides, which are of increasing concern. On the back of recent research illuminating the profound health risks of pesticides, the EPA announced this month it would consider outlawing a number of chemi-

Transgenic disease-resistant crops are created by splicing a specific gene into a plant. The gene causes the plant to produce enzymes which protect it from predators. Proponents of the technology say it is more effective than pesticides, since the entire plant is immunised.

The main environmental concern of the transgenic crops is that their widespread use could cause insects and diseases to become rapidly

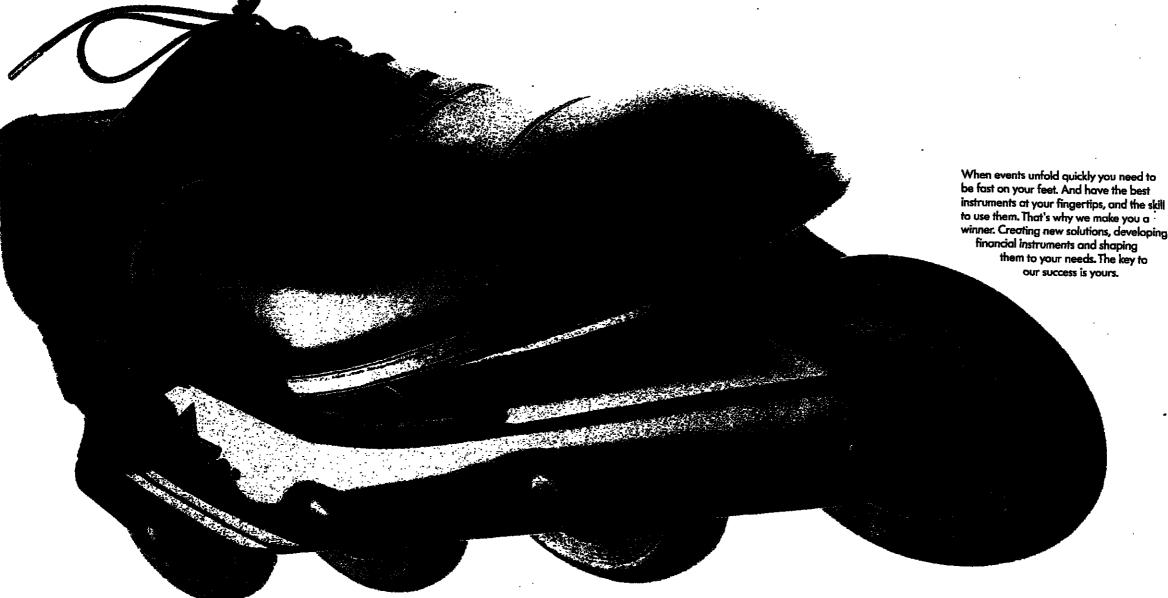
resistant themselves. Under normal circumstances, pests gradually build up immunities to chemicals and other products. Because the transgenic crops are so efficient, environmentalists say, this process may be accelerated.

Although this is a risk, Elizabeth

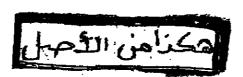
Milewski, a special assistant for biotechnology at the EPA believes the new technology should be pursued enthusiastically. "These transgenic plants fall into what we call the low-risk category. They can be much safer than pesticide-treated

Victoria Griffith

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**Swiss Bank** Corporation



How do you respond to the advice of a troubleshooter? James Buxton looks at the case of Charles Letts

# Go away, Sir John

hen former company doctor Bill Gore became chief executive at the diary maker Charles Letts last year, the problems he was to tackle were already known in outline to several million people.

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A few months earlier Sir John Harvey-Jones, former ICI chairman-turned business guru, had breezed through the company in his popular Troubleshooter 2 television series as well as devoting a chapter of a book

Harvey-Jones had been called in by the Letts family (which then controlled the company) after it plunged heavily into loss in 1991. He examined its core diary publishing business and concluded it suffered from excess costs and too little capital, and was split inefficiently between a sales team in London and the printing plant at Dalkeith near Edinburgh.

As for the company's diversifica-tion into book publishing, the division required more capital than Letts could afford and should be

All this was pungently conveyed to the urbane but wincing owners and managers of Letts in an agonising televised session. Later Harvey-Jones lamented to the camera that the Letts management "have taken some actions, but not the ones that I would wish them to. I don't think that the family are yet sufficiently worried to take the actions I think they should."

That was in December 1992. The dramatic (but untelevised) sequel was that within weeks Letts' bankers Hambros, which had been supporting the business with loans and preference shares, lost confidence in the company's management under Anthony Letts, chairman from the

sixth generation of the family. Gore was asked by Letts' accountants at the time, Coopers & Lybrand, to draw up a recovery programme. In June 1993, at the insistence of Hambros and 3i, which had an equity stake in Letts, he became

The company was supported at

the end of 1993 by a refinancing package worth £16m which came from Hambros, Morgan Grenfell, 3i and the new management. The Letts family's stake was drastically cut from 58 per cent to 15 per cent.

Gore had not seen the Troubleshooter programme - and took took care not to watch the video so that he would be able to make up his own mind. But he too decided that many of the company's recent efforts to restore profitability amounted only to tinkering. He reckoned Letts had "a good wide customer base and a good name, but an excess of costs and an excess of unnecessary activity". However, he did not do everything Harvey-Jones suggested.

One glaring source of excess costs was never identified as a problem by Harvey-Jones, even though he was often filmed visiting it - the company's stylish headquarters in Battersea, which was costing £1m a year in rent.

"I regarded that as fundamental," says Gore. He quickly struck a deal with the landlord under which the building was leased to a new tenant at no cost to Letts and the remaining staff moved to Dalkeith.

Like Harvey-Jones, Gore focused on the books publishing business and decided it had been rendered unviable by the sale in 1992 of its profitable line of examination revision guides, leaving a range of lifestyle books without the revenue to meet overheads. The division was sold at the end of 1993.

recurrent theme of the TV programme was that Letts should sell Mayfair Trunks, a shop in London that sells luxury goods. It was small but losing money, did not sell many Letts products and should not have been acquired, Harvey-Jones said.

But Letts has not sold Mayfair Trunks. "It is not draining cash and we have cut the staff to two," Gore says. "It's not worth spending management time on it. When rents improve we will find a good home



Across the organisation Gore has trimmed surplus layers of management, shedding staff in the process. Of the three executives from the Letts family, all in their late 50s. Martin Letts and his cousin Timothy retired, while Anthony moved, "after some quite fundamental discussions", from being executive to non-executive chairman and stepped down last August, remaining a director. Charles Letts, another family member, is a man-

agement trainee. Staff were also cut in the US, where Letts distributes diaries. Initially the new management attempted to diversify into producing corporate gifts, an idea proposed by Harvey-Jones, but it has since changed its mind and pulled out of that operation.

The most important part of the business is the diary operation, which claims a quarter of the UK diary market but was, Gore says, under-performing and inflexible. The production process for printing standard diaries was too slow and it was taking too long to design and manufacture customised diaries for corporate clients.

Gore praises the GMBU general union at Dalkeith for understanding "the commercial realities of life" and abandoning the annual threeweek works shutdown in midsummer, switching to staggered holidays and a system of working 30hour weeks in the first half of the year and 45-hour weeks in the second half.

Production staff were put into small groups to analyse problems. "We identified the main problem as the slowness of changing plates in the presses at the end of a print run. We have now got that down by half, cutting the total production time by 25 per cent," Gore says.

Reflecting the slimmer company, turnover on continuing activities dropped from £30m in 1993 to £23.6m in the year to January 1994. A loss of £7.5m was reduced to £785,000. It made an operating profit In retrospect Gore feels Harvey-

Jones's investigation was a mixed

blessing. It focused the attention of management and unions, and of the banks and investors, on the need for something to be done, and "helped identify the real problems". But, as a result of the programme, "our customers withdrew a little bit lout of nervousness about the company's future] and certainly didn't come up with new proposals. And our sales force was left a little dead in the water". In fact, he says: "Td like to see that man go away." It's the sort of bluntness Harvey-Jones

Torkplace violence orkplace violence escalating rapidly in the US. In California alone, workplace homicides surged from 159 deaths in 1992 to 195 last year, and the final tally for 1994 is likely to be even higher.

Ironically, the epidemic of vio-lence has spread as the total number of workplace fatalities has diminished.

"We've become good at preventing death in other categories such as contact with hazardous chemicals and falls," says John Howard, director of the California Division of Occupational Safety and Health (Calosha). "But violence is still a big concern."

Homicide accounts for 17 per cent of all workplace fatalities in the country, just behind motor vehicle accidents, according to the Bureau for Labour Statistics. The National Occupational Safety and Health Administration says it is working on recommendations to

Although the US media has recently highlighted violent acts by disgruntled employees, most incidents occur during rob-

These workplace risks have been ignored in the past because they are seen as part of a larger crime problem," says Guy Toscano, an economist with the US Department of Labour. "But they are so big we must pay attention to them.

Taxicab drivers are murdered at higher rates than workers in other professions, accounting for 26.9 per

Dangers of the office

9-5 FT writers look at ways to combat violence

in the workplace

cent of the US total, according to the National Institute for Occupa-tional Safety and Health (Niosh). Liquor store workers are next in line, accounting for 8 per cent. Other risky places to earn a living are petrol stations, detective services, grocery stores, jewellery

Non-fatal assaults also plague American workers. More than 670,000 Americans were assaulted at their place of employment in 1992, according to the National Crime Victimisation Survey, and the figure represents about 11 per cent of all violent crimes in the

stores, hotels, restaurants and

these incidents affect businesses because of missed work and decreased productivity," says Howard. A substantial number of victims are carers in nursing homes and hospitals. They are

usually injured by their patients.

Niosh and Calosha guidelines advise stores to keep their car parks as brightly lit as the local law allows, to post signs that a limited amount of cash is on hand, and to install silent alarms.

They suggest that employers in health care and other service industries instruct workers in how to defuse hostile situations involving patients or clients, to install alarm systems or panic buttons as a back-up and to consider establishing a buddy system or hiring security personnel.

Workplace crimes of passion by disgruntled employees, or a worker's spouse, friend or lover are not as common as other assaults. But Calosha recommends that employers look for tell-tale signs that a person may become violent and ensure that employees with severe emotional problems have someone to turn to, such as a staff psycholo-

Offices should be closed late at night and early in the morning (most attacks occur between 6pm and 10am). Employees should be discouraged from working in offices alone, and employers should encourage female employees to let them know if they are

Victoria Griffith

### Guidelines for safety

ritish employers are neglecting their duty to prevent violence at work, a national charity which specialises in personal safety issues claimed this week.

Under the 1974 Health and Safety Act and the 1992 Health & Safety at Work Regulations, companies are legally required to carry out assessments and

establish agreed procedures for all types of risk.

According to the Suzy Lamplugh Trust, however,
"what actually happens is that risk assessment tends to be carried out only for industrial accidents involving machinery or toxic substances; employers

do not recognise that personal attacks on staff should be included in this process". In a bid to raise employer awareness the trust has just published guidance notes aimed at reducing the risks of violence and aggression at work. They have been formally endorsed by the government's Health & Safety Executive, the Confederation of British

Industry and the TUC.
Until the HSE incorporates violent incidents at work into the revised Reporting of Injuries, Disea and Dangerous Occurences Regulations the extent of the problem will be unclear. But the trust believes that workplace violence is increasing faster than violent crime in general and estimates that there are an average of 35,000 incidents per year, three

quarters of them assaults on staff by the public

The guide argues that both employers and employees have a common interest in reducing violence, citing the impact on morale, image and recruitment. "It can also mean extra costs, with absenteeism, higher insurance premiums and compensation payments."

Risk assessment is summarised in five steps: look for the hazards; classify all incidents; search for preventative measures, deciding whether existing precautions are adequate; create a company policy and procedures and put it into practice; check that the measures work - review and, if necessary, revise the assessment from time to time.

The trust warns that self-defence courses "need to be viewed with great caution". They need to be well taught though "however much training a person is given there will always be times when that person is not on top form". Avoidance is the best option: "In any violent physical contact everyone will be hurt and if an employee responds with active aggression he or she may risk a counter claim of assault."

Tim Dickson

\*Suzy Lamphigh Trust, 14 East Sheen Avenue, London SW14 8AS. Guidance for employers £2.50, employee booklet £1.00, comprehensive package (including video and resource manual) £199 plus VAT.

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### **CONTRACTS & TENDERS**

The British Virgin Islands Electricity Corporation the submission of tenders for the provision of materials and the con-

A new double circuit 34.5kV overhead line on wood poles between a new switching substation at Long Bush and a new 34.5 kV/13.2kV substation at Long Swamp, on the island of Torrola. British Virgin Islands over a route length of mately 6.5 km.

ents have been made for this project to be funded by the British Virgut nds Social Security Board and the Banco Popular de Puerto Rico. Enquiry Documents for the project may be obtained from BVIEC or their Engineers a

he cost of US\$300.00 per set. General Manager British Virgin Islands Electricity

Road Town Torrola

British Virgin Islands WEST INDIES Tel (809) 49-43911 Fax (809) 49-44291

Tender submissions should be submitted to the British Virgin Islands Electricity Corporation, Road Town, Tornola, British Virgin Islands by Wednesday 11 January 1995 no later than 1600 hours British Virgin Islands Tinus.

#### **LEGAL NOTICES**

No. 506215 of 1994 IN THE HIGH COURT OF JUSTICE CHANCERY DIVESON

> IN THE MATTER OF -and-IN THE MATTER OF IE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that an Order of the High Court of Justice, Chancery Division dated the 26th October 1994 confurming the

dated the 28th October 1994 confurning the reduction of the capital of the above named Company from £15,000,000 to £4,750,000 and the blinets approved by the Court showing with respect to the capital as altered the several particulers required by the above tocotioned Act were registered by the Engistrat of Companies on the 27th day of October 1994.

CLIFFORD CHANCE
200 Addessgate Stoce
Lundon ECLA AU

Ref. RWC
Solicitors to the Company

8JM KNGINEERING LIMITED JOINT ADMINISTRATIVE RECEIVERS APPOINTED 30 SEPTEMBER 1994

Kennedy & Dankin Power
Westbrook Mills

( icada) mine Surrey GU7 2AZ

United Kingdom

fcl (44) 483 425900

Fax (44) 483 425136

Notice is hereby given, parsuant to section 48(2) of the involvency Act Path, that a morting of the involvency continue at the above named company will be held at 1 East Parade. Sheffield, \$1.2ET on 23 November 1994 at 10.30m. Creditors whose clause are who secured are not entitled to attend or he represented at the meeting. Their conditions are only entitled to vote it in they have alternet to us at the address shown below, by no later than more on 22 Nor casher 1994 winter details of the debt whey claim to be due to thou from the company, and the claim, has been duly admited under the provisions of Rule 3.11 of the Insolventy Rules (40c; and b) there has been leading Rules (40c; and b) there has been leading that the area of the condition of the leading to the second to the secon secured are not extilled to atlend or he

#### GREEK EXPORTS S.A.

FOUNDED AND OWNED BY ETBA. SA.

ANNOUNCEMENT OF A SECOND REPEAT PUBLIC AUCTION FOR THE SALE OF THE ASSETS OF VIEL S.A. COATED ABRASIVES INDUSTRY, NOW UNDER SPECIAL LIQUIDATION

GREEK EXPORTS S.A., established in Athens at 17 Panepistimiou Street, in its capacity as liquidating company following decision No. 9583/1992 of the Athens Court of Appeal and in accordance with Article 46a of Law 1892/90 as complemented by Article 14 of Law 2000/91 and supplemented and amended by Article 53 of Law 2224/94 and within the framework of written instructions dated 20.9.1994 from ETBA S.A. (basic creditor and shareholder of VIEL S.A.)

ANNOUNCES

a second repeat public auction for the highest bidder with sealed, binding offers for the purchase, as a whole, of the total assets of VIEL S.A. now under special liquidation.

BRIEF DESCRIPTION OF THE COMPANY

VIEL S.A. was established in 1981 (Govt. Gazette 2627/81) and set up a modern industrial unit for the production of coated abrasives in the Patras industrial estate on a plot of about 12,806m2. The factory has a surface area o 3,568 m2 and auxiliary buildings an area of 586m2. The basic machinery was built and installed by BRUCKNER of Germany and JGEL of Austria.

During the first months of liquidation the company was semi-operational. However, in April 1993, as a result of serious financial problems, the factory was closed and is now non-operational.

TERMS OF THE AUCTION

1. Interested parties are invited to receive from the Liquidator the Offering Memorandum and draft Letter of Guarantee in order to submit a sealed, binding offer to the notary public appointed to the auction, Mrs Andriani-Dimitra Zapheiropoulou-Economopoulou, 18 Voukourestion SL, 5th floor, Tel. +30-1-361,8249 up to Monday, 5th December 1994 up to 1490 hours.

Offers must be submitted in person or by a legally authorised representative.

attendance. Parties having submitted bids within the prescribed time limit are also authorised to attend.

Offers submitted beyond the stated time limit will not be accepted or considered. 2. The bids will be unscaled before the above-mentioned notary on Tuesday, 6th December 1994 at 1200 hours, with the Liquidator in

3. The sealed, binding offers must clearly state the offered price and method of payment (cash or credit, the number of instalments, the time period over which the payments are to be made at a fixed interest rate during the entire period of settlement). 4. Offers shall be null and void unless accompanied by a letter of guarantee from a bank legally operating in Greece. The letter will be valid until the signing of the contract and will be to the amount of fifty million drachmas (\$0,000,000) for VIEL S.A. - COATED ABRASIVES

5. The Company's assets and all fixed and circulating elements that comprise them, immovables, movables, claims, rights etc. are to be sold and transferred as is and where is, and, more specifically, in their actual and legal condition and location on the date on which the sale contract is signed, regardless of whether the Company is operating or not,.

6. The Liquidator, the Company and the creditors representing 51% of the total claims against the Company (Law 1892/90, article 46a, para. 1 as in force), shall bear no liability for any legal or actual defects or for any deficiency in the particulars of the effects for sale or rights, nor for their incomplete or faulty description in the Offering Memorandum and in any correspondence. In the event of inconsistencies, entries in the Company's books, as they stand on the date of signature of the sale contract, shall prevail.

7. Prospective buyers, hereinafter referred to as Buyers, shall be obliged, on their own responsibility and due care, and by their own means and at their own expense, to inspect the object of the sale and form their own judgement and declare in their bids that they are fully aware of the actual and legal condition of the assets for sale. The Buyers are hereby reminded that, in accordance with the provisions of the law, the Buyers, having agreed in writing to maintain confidentiality, may receive the Offering Memorandum and may have access to any information they may require concerning the Company for sale.

8. Offers must not contain terms upon which their bindingness may depend or be vague with regard to the height of the amount offered or its method of payment or to any other essential matter affecting the sale.

9. On all points concerning the business plans of prospective buyers (job positions, height of investments, duration of operation, etc.) as well as on any other terms that may be agreed upon, the Buyer must accept clauses and other terms which will guarantee adherence to commitments. In order to guarantee payment of the amount on credit, the sale contract will contain a dissolution clause and first mortgage, or other guarantees (bank guarantee, ctc.) to be considered adequate by the creditors.

10. The highest bidder is the one whose offer has been evaluated by the liquidator and judged by the creditors as being the most satisfactory. 11, In the event that the party to whom the assets for sale have been adjudicated fails in his obligation to appear and sign the relative contract within twenty (20) days of being invited to do so by the Liquidator, and abide by the obligations contained in the present announcement, then the amount of the guarantee stated above is forfeited to the Liquidator to cover expenses of all kinds, time spent and any real or paper loss suffered by himself and by the creditors with no obligation on his part to provide evidence of such loss or consider that the amount has been forfeited as a penalty clause, and collect it from the guarantor bank. Letters of guarantee accompanying the offers of other bidders, except the highest bidder, will be returned to them immediately after the adjudication of the auction.

12. The Liquidator bears no responsibility or obligation towards participants in the auction, both with regard to the drafting of the evaluation report on the bids or to his proposal of the highest bidder. Also he is not responsible and has no obligation to participants in the auction in the event of a cancellation or nullification of the auction for any cause or reason whatsoever.

13 Participants in the auction who have submitted bids do not acquire any right and can make no demand or claim on the strength of this announcement or of their participation, against the Liquidator or the creditors for any cause or reason.

14. The transfer expenses of the assets for sale (taxes, VAT charges on the value of the movables, stamp duty, notary fees and mortgagor fees, rights and other expenses for drawing up topographical diagrams as per Law 651/1977, etc) will be home by the buyer.

15 Participation in the auction implies acceptance of the terms of the present announcement. For any further information please apply to:

a) GREEK EXPORTS S.A. 17 Panepistimiou Street (1st floor), Athens, Greece, Tel. +30-1-324.3111 - 115 Fax: +30-1-323.9185

b) The head office of ETBA S.A., Holdings Department, 87 Syngrou Ave, (4th floor) Athens, Greece, Tel. +30-1-929,4611 and 929.4613

....

### More bang for 'pretty boxes'

Derek Mottershead, 47, the former chief executive of Prontaprint, has been given the job of putting the bang back into the UK business of Bang & Olufsen, the 70-year-old Danish family firm which makes specialist TV and audio products.

Bang & Olufsen, a minnow in a market dominated by multinationals, made a name for ttself because of its flair for design and clever technology. However, the company lost its way at the end of the 1980s and sales in the UK, which was once the company's biggest overseas market, have fallen by around two thirds from a peak of around £40m a year.

Just over three years ago a new management team took over in Denmark and the company's fortunes have been recovering. Mottershead, who started out as a Cadbury



Schweppes' brand manager, believes that Bang & Olufsen's problems in the UK stem from a perception that its products are "very high-priced and too design-orientated". There is a lot more to the group than "pretty boxes", says Motter-

sen's competitors concentrate on volume and prices, Mottershead believes that the key to success is to use the combination of the Danish firm's technical innovation and styling to promote "life style" products. Mottershead, a former chairman of the British Franchise Association, joined Prontaprint, the Darlington-based print and business service franchiser, in 1987 and doubled turnover over the next four years. The company was taken over the following year and in September 1992 Mottershead

Latin America southern

region. He will be responsible

for the bank's operations in

Brazil, Argentina, Paraguay

and Uruguay and keep an eye of Chile, Peru and Bolivia.

In Argentina, where the

bank has been operating for

130 years, the bank employs

about 800 people, the same

number as work in Brazil -

where Lloyds also has a 51 per

cent stake in the wholesale

a Lloyds banker since 1972

with experience in Europe and

the Middle East, takes over the

Alexander Ashton (near left),

bank, Multiplic.

two years. Before this latest post he was vice-president and general manager of Pepsico restaurants, east Europe Maslen spent 16 years from 1976 with Mars before joining Pizza Hut. He held a wide range of marketing, sales and manufacturing posts with Mars; his ultimate job with the led a management buy-out. He resigned as chairman and managing director of Prontaprint in August 1993 because he says company was regional director and general manager in Asia. Ron Shakesheff, chief that he was fed up with comexecutive of Bowater Windows. muting between two homes at has been appointed to the main either end of the country.

BOWATER board. northern region and will be based in London. He will be

■ Pizza Hut UK has found a

director for Paula Vennells.

who first was and then later

Dixons in the same capacity.

before she decided that a job

The new marketing director

wasn't going to join from

with Sears offered better

will be Peter Maslen, a

42-year-old Australian, who

has been with the group for

prospects.

replacement marketing

■ David Ballance and William INVESTMENT MANAGEMENT. ■ Robert Clarke has been

promoted to the board of

ELECTRA KINGSWAY.

moment," he says. Davies have been appointed directors of THREADNEEDLE

#### operations in Honduras, Guatemala Panama Ecuador and Colombia. "One thing we hope to do is get more involved in the financing of trade within the region which is growing quickly but quietly at the

### Lloyds: limbering up in Latin America

Time was when the Bank of London and South America was one of the biggest names around in Latin American banking. No longer. And Latin America was one region of the world where its successor -Lloyds Bank - has retained a significant presence as it pulled in its horns elsewhere to concentrate on the British market. It and its subsidiaries and affiliates still employ 3,600 peo-

ple in the region. For most of the debt-distressed 1980s, however, it was a case of slimming down and staying put. Now, with hopes

Generating Board would not seem to be the best starting

block for a career in fund man-

agement. But it doesn't seem

to have hampered the rapid

rise of James de Sausmarez

who has just got the job of

running Henderson Adminis-

Touche Remnant investment

trust group from the CEGB as

company secretary in 1986 and

was not appointed a manager

in the investment trust depart-

Following Henderson's acquisition of TR in December

1992, de Sausmarez was put in

charge of the combined Hen-

derson Touche Remnant

De Sausmarez, 35, joined the

tration's retail division.

ment until April 1990.

standing who is based in São Paulo, where he'll stay to be CEGB sparks de Sausmarez' investment career

growing about the region's eco-

nomic prospects, the bank is

thinking about moderate

this are Freddy Gibbs (above

left), a banker of 35 years

The two people charged with

The Central Electricity Investment Trust operation and has been responsible for the rapid growth of one of the more successful parts of Henderson's £13.7bn fund management business. In some respects de Saus-

marez is following in the footsteps of Paul Manduca, 42, the former head of Touche Remnant who was made managing director of Henderson's retail business following the takeover just under two years ago. Six months ago Manduca quit to head Threadneedle Asset Management. De Sausmarez will have the same title as Manduca but he has not been given a seat on the board and will not be in charge of Hen-



operations. He will remain in charge of Henderson's £3.7bn investment trust business and is adding overall responsibility for the £1.4bn unit trust operation headed by Richard Eats. Despite de Sausmarez's rapid rise, it is understood that he is unlikely to follow in Mand-uca's footsteps as the beir apparent to Jeremy Edwards. 57, Henderson's managing director who is expected to retire within the next two years. Henderson is understood to be looking outside for Edwards' replacement.

■ David Watson, 35, formerly director, finance, at NatWest Securities, has been appointed to the same job at the M & G Group. It is not a board appointment but Watson will be the group's senior financial officer. Caroline Baker. 40, head of personnel at Towers Perrin, Tillinghast, has been appointed head of personnel at M & G. William Hall

t a secret meeting at the Department of the Environment last week, representatives of property owners, tenants and the professions started discussions aimed at changing the face of commercial leases.

Although the government said in July that it would no use legislation to abolish established practices such as upward only rent reviews and confidentiality clauses, Mr Tony Baldry, the environment minister, called on the industry to encourage flexibility on lease terms.

While many property owners hoped that the minister's statement would be the end of the matter, last week's meeting proves that the issue of lease eform is very much alive in the corridors of power.

This should not come as a surprise. In July. Mr Baldry said that the government would look again at the operation of commercial leases in three years' time to see if the property industry had put its own house in order.

Given the state of the opinion polls and with a general election due by 1997, that might seem like an idle threat. But there is every chance that an incoming Labour government would see political advantage in championing the tenants' cause. So what exactly does the

overnment want? Mr Baldry's July statement gives some clues. The minister called for an industry-wide code of practice which would draw attention to the implications of upward only rent reviews and encourage flexibility on other

The code should also encourage greater openness - presumably by discouraging confidentiality clauses, which prevent tenants sharing information on rents - unless there are compelling reasons to the contrary.

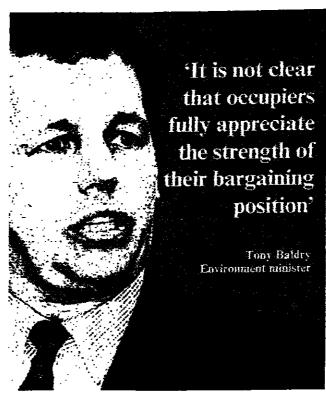
Above all, a code of practice should lead to a change of behaviour in the marketplace.

The British Property Federation, which represents large landlords, has already taken the initiative by proposing a code which would remind tenants of their rights and draw attention to the possibility of negotiating different terms. Mr Roger Carey. BPF presi-

dent, said: "A 'health warning' of this kind would be very valuable and would do much to promote the flexibility in lease terms sought by tenants. Very importantly, it would not make the mistake of trying to inter-

Looser lease terms

Simon London on calls for an industry-wide code of practice



fere in the position of the parties but would leave them free to negotiate within prevailing

The BPF argues that anything more prescriptive than this would alienate landlords. "A Code of Practice which is not acceptable to owners will not be used and the whole issue will go back into the

melting pot," Carey said. But neither is it clear that a health warning would have much impact on market behaviour, in which case the govern-ment could simply return with legislation in three vears' time.

The question is whether the BPF's proposals simply need to be strengthened or whether the code of practice needs to be

The tenants' side of the argument is put forcefully by the British Retail Consortium, Mr James May, director general. argues that landlords are in a much stronger position when

negotiating with retail tenants than with office or industrial occupiers.

The retail market is different because location is so much more important. Retailers need to be in certain prime locations of which there is limited supply often in the hands of a single owner. In these situations the balance of power is tilted too far in favour of the landlord," he said.

he BRC's argument is that retail landlords can be in a monopoly position, owning the prime sites in a particular high street or shopping centre. In such circumstances market forces do not operate effec-

Retailers would like more flexibility on the lease terms that landlords are prepared to accept. That might include more rents linked to turnover, upward and downward rent

reviews, and shorter leases "If we have to pay higher rems for more flexible terms so

be it," said Mr May.

The BRC would like a code... of practice which encourages a greater range of lease optimes for tenants and believes that something stronger than a

Musica and h

health warning is required.

The interests of small husiness - landlords and tenants also have to be taken into account. It is often the case that small landlords rely on a long-term secure income almost like a pension, Forcing these owners to accept more flexible lease terms could have an unpalatable side effects.

The professional bodies such as the Royal Institution of Chartered Surveyors and the Law Society are caught in the middle of this argument. The institution, in particular, has to represent the interests of landlords, tenants and their professional advisers.

Mr Richard Lay, chairman of DTZ Debenham Thorpe, the surveyors, and the institutions commercial property spokes-man, said: "The government instructed the industry to do something out of the blue. The first step is to try to decide what is achievable on the landlords' side and what is acceptable to the tenants."

The question is whether the legitimate interest of all landlords in a secure income can be squared with the desire of tenants for greater diversity of ease terms without an element of compulsion.

Shorter, more flexible leases became widely available through recession as landlords found their bargaining position weakened. The traditional 25year "Institutional" lease has been reduced to 15 years or

Mr Baldry appeared to acknowledge as much in July, when he said: "It is evident that the market is now providing a greater variety of lease terms . . . especially the availability of short leases".

The danger is that leases will become longer and less flexible as the economy improves and the balance of power tilts back in favour of landlords to a degree that the government views as unacceptable.

Despite taking a hard line in public, many big landlords recognise that they may have to give away slightly more than the BPF's health warning" proposal to avoid legisla-tion. It is now up to tenants to articulate more clearly what kind of code of practice they would like.

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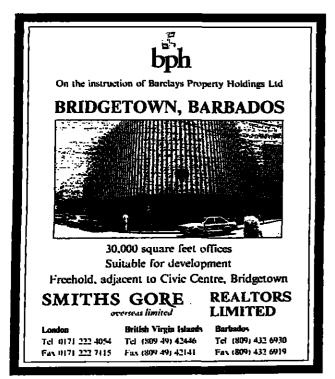
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### **GREEK EXPORTS**

(Founded & owned by ETBA S.A.)

DENATIONALISATION

INVITATION FOR EXPRESSIONS OF INTEREST IN PURCHASING THE ASSETS OF HELLENIC MARBLES S.A. NOW UNDER SPECIAL LIQUIDATION

GREEK EXPORTS S.A., established in Athens at 17 Panepistimous Street, in its capacity as special liquidator of HELLENIC MARBLES S.A. (in accordance with Decision No. 7518/1992 of the Athens Court of Appeal, by which HELLENIC MARBLES S.A. has been placed under lation) and within the framework of article 46a of Law 1892/90, as supplemented b article 14 of Law 2000/91 and complemented by article 53 of Law 2224/94 following the written statement (Ref. No. 1725/94) of the creditor under para. 1 of the above article,

#### INVITES

interested investors to express their interest in purchasing the assets of HELLENIC MARBLES S.A. now under special liquidation, by submitting a non-binding, written expression of interest within twenty (20) days form today.

HELLENIC MARBLES S.A. was founded in 1961 and was engaged in quarrying, processingand selling marble and its by-products.

The company's installations are situated on self-owned land 48,387 m<sup>TM</sup> in area at Aghios

Stefanos, Attica. The company's assets can be sold as a whole or as separate entities as follows:

a) Real estate consisting of the land and buildings b) Mechanical equipment for marble quarrying

c) Mechanical equipment for crushing and grinding

d) Mechanical equipment for cutting and processing marble e) A plot of land 3,000 m<sup>2</sup> in area in the Argalastis area in Volos

f) Parcels of agricultural land on the island of Tinos, 14,000 m<sup>2</sup> in area

OTHER DETAILS CONCERNING THE PUBLIC AUCTION

Interested buyers should submit, within twenty (20) days of publication of the present

invitation, a non-binding, written expression of interest. Prospective buyers, on providing a written undertaking of confidentiality, may receive the offering memorandum from the offices of the liquidating company.

They shall also have access to any other information they may seek and may visit the premises of the company under liquidation. III. The offering memorandum will describe in detail the total assets of the company for sale and

will contain every useful information for the prospective buyer. The procedure for the public auction for the highest bidder will be published within the prescribed time limits and in the same newspapers.

For any further details or information please apply to:

a) GREEK EXPORTS S.A., 17 Panepistimiou Street, (1st floor), Athens, Greece. Tel. +30-1-

324.3111 Fax: +30-1-323.9185. b) The head office of ETBA S.A. Holdings Department, 87 Syngrou Avenue (4th floor), Athens, Greece. Tel. +30-1-929.4611 and 929.4613.

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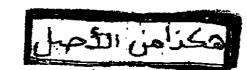
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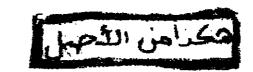
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### Musical farce and honour

Andrew Clark visits the Massenet festival in Saint-Etienne

Saint-Etienne, home of the hiennial Massenet festival. During his lifetime, the composer turned his back on his birthplace, and the city today - a dowdy mining centre just off the massif central Parisala La Company Co - is a tourist's disaster area. But in recent years Saint-Etienne has developed a useful business in Massenet revivals, and the music world is taking note.

ROVEMBER ! 1994

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First came Amadis in 1988, then Cléopátre in 1990, Esclarmonde and Crisélidis in 1992, and now Panurge and Le Cid. Thais and Marie-Magdeleine are promised for 1996. When you consider how little the French have done to explore the lesserknown works of Berlioz or Chabrier, Saint-Etienne is serving Massenet rather well.

The local opera company throws FFr9.5m (£1.1m), or 25 per cent of its annual budget, into ten days of music. Sponsorship from France Telecom and a recording deal with Koch-Schwann help to pay for the soloists. At the last two festivals, money seemed plentiful. This year bore signs of cost-paring and underpreparation. Unlike 1992, the local orchestra shouldered the burden of work alone - which may explain the sub-standard playing in Panurge. Few of the principals showed the familiarity with their roles that one expects at a festival.

Panurge, a three-act musical farce, had not been performed since 1913, the year of its posthumous Paris premiere. Based on a novel by the 16th century French writer Rabelais, it tells of the misunderstandings, adventures and eventual reunion of Panurge and his wife Colombe. Some of the action has a whiff of sit-com – as when Colombe, trying to make her errant husband jealous, confesses her supposed infidelities to a gossiping priest, who is none other than Panurge in disguise. The music is slight and full of parody (has any other composer written a sheep's chorus?), and there is some subtle 16th century pastiche. But Massenet could have written it in his sleep.

The Saint-Etlenne production,

he Spanish savings bank

poser, Josep Soler.

"la Caixa", based in Barce-

lona, supports a diversity

o French city has found a niche in the music Sinivia, looked more like a market as deservedly as half-baked Gozzi pantomime than a comedy of the sexes a la française. The mobile toy-box sets resembled a children's playpen; the costumes could have passed muster for Jack and the Beanstalk. Worst of all, the action was no naughtier than a Sunday school tea-party. The work cries out for the irreverent approach of a Jérôme Savary. But Panurge is unlikely to get another chance.

Stronger characterisation of the

principals would have helped. The title role - written, like Don Quichotte, for a basse chantante requires greater comic skills than Jean-Philippe Courtis could offer. He was too noble in bearing, too trayed of voice. Colombe, an unusually down-to-earth Massenet heroine, was decently sung but unimaginatively acted by Hélène Perraguin. Desmond Byrne's Panta-gruel, imprisoned for much of the evening in an outsize mechanical costume, was a strait-laced master of ceremonies. The casting of smaller roles was barely adequate. Saint-Etienne's young music director, Patrick Fournillier, drew much more secure playing in Le Cid: it was hard to believe that the clarinet obbligato in the famous soprano aria "Pleurez, pleurez mes yeux" came from the same orchestra as the scratchy violin soloist in Panurge. But the chorus was different - and what a disciplined sound the Lyon Opéra chorus made! The fact that Le Cid was being recorded

Based on Corneille's play of love versus honour, Le Cid is a four-act grand opera in the Meyerbeer tradition, written immediately after Manon and before Werther. It may lack their intimacy, but it shares their creative vitality. The concert setting, with only two minor cuts, underlined Massenet's skill as a musical dramatist: heroic writing for tenor and soprano, atmospheric choruses, a sense of urgency in the duel scene, and ballet music in the best French tradition of fake Spanishry - all infused with characteristic refinement. It was written for

had clearly influenced the alloca-

tion of rehearsal time.



Strait-laced: Desmond Byrne as Pantagruel in Massenet's 'Panurge'

first-class voices (the De Reszke brothers among others), and demands a spectacular staging. Saint-Etienne provided neither, but

somehow got away with it.

Michèle Command was the formidable Chimène, a little unyielding in the gentler moments but rocksteady in attack. Chris Merritt was a rough-and-ready Rodrigue, lacking the tonal resonance and clarion ease the part demands. As Don Diè-

gue, Jean-Philippe Courtis was in better voice than his Panurge 24 hours earlier. Marcel Vanaud was the stentorian king, and the veteran Gabriel Bacquier made a short but effective contribution as the Count of Gormas. Maryse Castets's pure soprano was ideal for the Infanta. Le Cid was preceded by a recital by Didier Henry, the young French baritone who - like most soloists at

the festival - spends most of his

time on the French provincial opera

house circuit. His opening Massenet group was marred by offstage noise "Tu me donnas ton coeur", reveal-

and a husky tone quality, but the voice took wing in Ernest Moret's ing ample colour and an easy top. Best of all was the gentle melancholy of Massenet's settings of poems by Armand Sylvestre, beautifully accompanied by Angeline Pon-

#### Concerts in Barcelona and London/Paul Driver have its violent outbursts, they are only some of the strangely assorted Contemporary and Russian sounds

of concerts, including an early music festival now in its 16th which the Sinfonietta recorded back admirable courage and conviction, year, and has just started a contemporary music festival. Looking at once to international celebrity and sweetly bristling 12-tone music. featured the music of America's though one discovered from next senior composer Elliott Carter (86 in December) and of the notable Barceevening's concert that the taut idiom no longer reflects Soler's long-horn (in 1935) and based comapproach. His Dos poemes per a orquestra (1990-93), performed by the Orquestra simfonica de Barce-The first of the concerts I attended was given by the London lona nacional de Catalunya under Sinfonietta and its new chief con-Josep Pons, proved a somewhat neoductor Markus Stenz in the Fundaromantic affair, the first practically ció la Caixa's Centre Cultural. Carter's 1981 settings for tenor and a concerto for pastoral oboe and ensemble of six sonnets by Robert rustling curtain of divisi muted strings with unlikely touches from synthesised organ; the second whip-Lowell, In Sleep, in Thunder (a Sin-

fonietta commission), came across in their marvellous intricacy with ping things up a bit with a wind machine. Soler's language seems to have become dangerously eclectic, pungent force if not much tonal beauty, a lack due not only to the dicing with kitsch. acoustics but to something insis-The two big movements of Elliott tently plain-voiced about the other-Carter's 1965 piano concerto were wise impressively deft singer Jon Garrison and to something stubcomplex not in a playful but a geometrical way; a dense, often dark bornly unlyrical in Carter's nonelabyrinth. The American Ursula theless intelligent vocal writing. Oppens was the staggeringly daunt-Josep Soler was represented by a less, highly experienced soloist. short neo-classical concerto for Pons and the orchestra, with its harpsichord and five instruments

in 1976. The soloist, John Constable, conducting from the keyboard, secured a lively account of this mate their jaggedly expressive polyphonic lines rather than just

> arlier in the week Oppens gave the Spanish premiere of a five-minute piano piece, 90+, which Carter recently added to his ongoing series of luminous little tributes to colleagues, in this case the nonagenarian Italian composer Goffredo Petrassi. Pitched at a technical level which should not exclude the gifted amateur, it is a perfect epitome of Carter's dazzling metrical style and is built on 90 repetitions of the same pulsation, and then some more, as though to wish Petrassi a few years yet of active life. One certainly wishes Carter the same: he has just completed an orchestral piece for next year's Proms and is at work on a voice and piano song-cycle for next year's Aldeburgh Festival.

Russian music of very diverse character was played in two concerts on consecutive evenings at the Royal under its principal conductor Yuri Temirkanov gave a neatly contrasted, slightly daring programme which began with Prokofiev's Suite, Op. 33a from his 1919 opera, The Lone for Three Oranges. These six. wonderfully crisp and witty movements were executed with panache.

Rachmaninov's three Symphonic Dances Op. 45 of 1941 were brought off well enough but seemed all the more jadedly conservative with the concert's marvellous middle item, the Concerto for Piano and Strings (1979) by a living Russian, Alfred Schnittke, still echoing in the mind. This often harshly dissonant work, Schnittke's third piano concerto, in this superbly thoughtful, elegantly shaped, powerful account, with soloist Dmitri Alexeev, came over as no more alienating than a darker piece by Sir Malcolm Arnold. The music, like Arnold's, touches on jazz and the RPO's principal double bass. Jack McCormack, plucked out his cabaret tones with style. Though the concerto does, indeed.

collection of musical objects including a quiet Moonlight Sonatalike triplet figure for piano, a nearpastiche of the Russian Hymn from the 1812 overture, and a glissandoing string passage - Which actually ironclad argument shows to be all of a piece. Alexeev and Temirkanov held one enthralled by the music's sheer dialectic.

On Wednesday the BBC Symphony Orchestra under its principal guest conductor Alexander Lazarev gave the UK premiere of the single movement Symphony No 7 (1986) by the Armenian composer Alfred Terteryan (born 1929). His music is folk-influenced in a far from picturesque way. Here he writes an obbligato part for the folk percussion instrument called the dap' (Timothy Darside), which sounded not unlike the Indian tabla. This sound was often multiplied 10 or 11 times by the percussion department, or echoed by a tape recording. A sort of musical prophecy of the Armenian earthquake of 1988, the symphony deals wholly in monolithic and austere ritual gestures, minimalist in material whilst maximalist in rhetorical power. A far cry from Schnittke's irony, but a cry deserving of attention.

Theatre in London

### Suzuki's austere 'Tale of Lear'

Ninagawa's stage production of Macbeth and Kurosawa's spectacular film Ran, based on Kina Lear. Both combined grace with brutality to bring the plays sear-

ingly to life. Tadashi Suzuki's Tale of Lear (staged at the Barbican as part of the Everybody's Shakespeare Festival) has the austere beauty you might expect, but it is equally one of the bleakest versions of Shakespeare's tragedy I have ever seen. It is cruel, cold and resolutely unmov-

Suzuki takes as his cue Lear's piteous cry, "O! let me not be mad, not mad, sweet heaven", and extrapo-lates from this a production that draws on the deep fear we all have of old age, loneliness and dementia. His Lear is not a king, but a solitary old man in a sanatorium, who is reading the play. He falls asleep and, as he dreams, the characters in the tragedy melt out of the walls (literally, it appears, on the ingenious set of sliding doors) to act the play and suck him into it.

Soon he and Lear are interchangeable and we are not certain whether the characters are figments of his imagination or other inmates of the asylum. Suzuki deliberately blurs this distinction by having Edgar creep past in the background in his Poor Tom rags after the trag-

edy is over. The play is distilled to under two hours, the all-male cast acting out only the harshest points of the plot, and nearly every redeeming feature is cut out. There is no Kent, and Cordelia makes only the most fleeting of appearances, so that almost everyone on the stage is either mad

he Japanese often have a a nurse, a sinister, mocking body way with Shakespeare. who seems to derive a sadistic glee One thinks particularly of from her charge's distress.

In the confusion as to what is real and what is fantasy, Lear's tormented rambling about the cruelty of his children expresses the terror and paranoia that can afflict the elderly. Where Lear delivers his last speech about the finality of death, staring desperately at the audience, it seems he is chronicling his own demise and his fear of it, rather than that of his daughter.

Suzuki infuses his production with traditional Japanese techniques, perfectly executed. It is statuesque and beautifully lit and the actors, clad in ornate robes, glide about the stage as though on invisible castors, or scurry like leaves swept forward by a gust.

Uichiro Fueda as Lear himself moves with such slow, slow fluidity that he seems pulled by some invisible force. His Lear is grim and grudging, so unpleasant in his madness that he is not even pitiable. The heightened style makes it hard to stay engaged at times, and both Goneril and Regan have a disconcerting habit of cackling manically that puts you in mind of pantomim villains. For the most part, though, this sombre production is mesmeris ing - but it never moves you.

Suzuki has said that he sees the world as a hospital and all its inhabitants as patients. On the evidence of this production, he holds out little hope for a cure. As Lear dies on his own, agonised by his ravings and with no kind words afterwards to take away the sting, Suzuki presents a cold, comfortless

Sarah Hemming

### Goldoni falls flat

ood playwrights write for actors, bad playwrights despite them. Carlo Goldespite them. can don! (1707-93) wrote scores of plays that were gifts for actors - but gifts that challenged them. So it is dismaying to feel the Lyric Hammersmith's new version of his Mirandolina fall flat. The Goldoni productions I have seen have taught me that, though you can stage Goldoni in a wide variety of ways, the key factor is vitality. Without spontaneity, without intensity, Goldoni evaporates, and we are left with little to watch but crummy old formulas. (Like Shakespeare and other great playwrights, Goldoni was forever reworking material.) Here, the six actors all seem to everything is laborious.

Mirandolina, an innkeeper, is very successful at getting men to fall in love with her – but she has to work hard to vanquish the Cavaliere, an avowed misogynist. She is no mere seductress; she has streaks both of the feminist and the androphobe. The air should be full of intelligent contest. Here, however, Caroline Quentin makes Mirandolina's methods so obvious that the Cavaliere (Reece Dinsdale) seems a dolt. The lines do not dance (though Quentin tries to make them do so): the actors underrate both Goldoni and the audience. They project forcefully into the theatre, but, because the personalities they proj-The director is Dalia Ibelhauptaite. She directed a decent staging of Goldoni's The Impresario from

ect are stale, the effect is meagre. Smyrna at the Old Red Lion this spring: decent, I now suspect, mainly because the tiny stage space gave the play an intensity that is utterly absent here. The most successful element of Mirandolina is also the most bizarre: Ashley Martin-Davies's scenery, which includes surreal effects - eg a blue piano hanging in the air - and daring clashes of colour. For the seduction scene, an orchard of suspended separate fruit descends to head height: so that Mirandolina lead the Cavaliere through a Hanging Garden of Eden, giving him bites of one apple after another.

ut Designer's Theatre canuit Designer's Theatre can-not carry Goldoni. Did Ibelhauptaite intend to elicit any correspondingly elicit any correspondingly surreal acting style from her cast? If so, she has not succeeded. As the Conte, Graham Turner commits several cheap crimes; he employs a plebeian accent in an aristocratic role, he uses blatantly modern movements within exaggerated period costumes, and he tries making the same joke several times. The hangdog Robert Goodale is miscast as Mirandolina's important servant Fabrizio: no spark, too old. Tim McMullan's Marchese is that worst theatrical type, a dull fop.

Nobody listens to anybody else with any liveliness. Robert David Macdonald's new translation omits some minor characters, and, with them, some shrewd comedy. The English text has some clever "quotations" from Shakespeare - usually, however, juxtaposed with unstylish expressions such as "I mean". Poor Goldoni's clever play about one woman's efforts to win the battles of love and power has crumbled into a feeble English sex comedy in period frocks.

> Alastair Macaulay Lyric Theatre, Hammersmith



which he wrote in 1969 to comple-

ment the famous work by Falla and

### Degas portraits

A major exhibition of portraits by Edgar Degas (1834-1917) is being prepared by the Zurich Kunsthaus in co-operation with the Tübingen Kunsthalle. Sponsored by Credit Suisse, the show opens in Zurich on December 2, and will move to Tübingen next March. Degas' earliest works as an

independent artist were portraits: they count among his boldest paintings, remarkable for their Intimate directness and innovative handling of form, posture and setting. His sitters were his family and friends people whose habits and character he knew, and yet whom he was able to observe without

sentimentality.
The exhibition will explore the overlap in Degas' work between the portrait proper and narrative genre painting, and the way Degas used the portrait to represent not just the person but also their vocation or activity. Degas' sitters are often 😬

individuals, while at the same time serving as models for a role or general figure-type without specific charact

concertino group gathered round

the piano, performed with truly

There will be a chance to see rarely-exhibited paintings from private collections, as well better-known portraits - such as Femme à la fenêtre from the Courteuld Institute in London, La femme en gris from the New York Metropolitan and Violoniste et jeune femme from Detroit.

#### ■ EXHIBITIONS AMSTERDAM

Van Gogh Museum Odlon Redon (1840-1916): 180 works exploring the artist's development, sources and influences. Ends Jan 15. Daily Stedelijk Museum Asger Jom (1914-1973): retrospective of the Danish artist. Ends Nov 27. Daily Rijksmuseum Decorated Paper: a remarkable collection of marbled, chintz and brocade paper manufactured in and imported into the Low Countries from the early 17th century. Ends Feb 12. Closed

Mon. BARCELONA Museu Picasso Picasso's Landscapes 1890-1912. Closed Mon (Carrer Montcada 15-19) BERLIN

Brücke Museum Early Kandinsky: a survey of a little-known period in the German Expressionist's development. Ends Nov 27. Closed

Altes Museum Edorado: pre-Columbian gold treasures from South America. Ends Jan 8. Closed DRESDEN

Kuoferstich Kabinett James McNeill Whistler: a rare German showing of etchings and lithographs. Ends Nov 25. Closed Sat and Sun

Albertinum Christian Friedrich Gille: retrospective of the 19th century German landscape painter. Ends Nov 27. Closed Thurs FRANKFURT Jüdische Museum The

Rothschilds: an evocation in painting of the 250-year history of the famous Jewish dynasty. Ends Feb 27 Schim Kunsthalle Nicholas de

Stael (1914-55): retrospective of the in-born artist, documenting his intense but tragically brief career. Ends Nov 27. Daily Jahrhunderthalle Hoechst Contemporary Art from the Collections of Frankfurt Banks. Ends Nov 20. Daily THE HAGUE

Mauritshuis Paulus Potter's Animals: the first comprehensive exhibition of the work of Potter (1625-1654), the animal painter of the Golden Age in Netherlandish art. Ends Feb 5. Closed Mon HAMBURG

Kunsthalle Rembrandt and his Century: Netherlandish drawings from the 17th century. Ends Jan 15. Closed Mon LONDON

National Gallery The Young Michelangelo. Ends Jan 15. Daily Tate Gallery James McNeill Whistler: the largest collection of the American-born artist's work since the memorial exhibitions held after his death in 1903. Ends Jan 8. Rebecca Horn: a retrospective focusing on her extraordinary machines and installations

(coinciding with another Hom show at the Serpentine Gallery). Ends Jan Hayward Gallery The Romantic

Spirit in German Art 1790-1990. Ends Jan 8. Dally Royal Academy of Arts The Glory of Venice, Ends Dec 14. Italian Renaissance Book Illumination. Ends Jan 22. Daily (advance booking 071-240 7200) Royal Festival Hall Käthe Kollewitz (1867-1945): a collection of the

German artist's powerful and

emotive prints. Ends Dec 4. Daily MADRID Fundació la Caixa Kandinsky and Mondrian - Two Roads Toward Abstraction; an exhibition marking the 50th anniversary of the deaths of two great pioneers of modern art. Ends Nov 13 (after which it transfers to Barcelona), Closed Mon Fundacion Juan March Treasures of Japanese Art: 110 works from the 17th to 19th century, on loan from Tokyo's Fuji Art Museum.

Kunsthalle der Hypo-Kulturstiftung Edvard Munch and Germany. Ends Nov 27. Daily Villa Stuck Tom Wesselmann: retrospective of the American Pop artist, Ends Jan 15. Closed Mon Haus der Kunst Roy Lichtenstein retrospective. Ends Jan 9. Closed

Ends Jan 22. Daily

Schack-Galerie Adolf Friedrich Graf von Schach: a show devoted to the widely-travelled 19th century art collector. Ends Feb 5. Closed

Lenbachhaus Tanzania: 400 masterworks of African sculpture. Ends Nov 27, Closed Mon MIINSTER

Landesmuseum August Macke and the Expressionists in Westphalia: 100 rarely-seen paintings of flowers, gardens and landscapes. Ends Jan 15. Closed Mon NEW YORK

Metropolitan Museum of Art Origins of Impressionism: 175 paintings by Parisian artists of the 1860s, Ends Jan 8. The Annenberg Collection of Impressionist and Post-Impressionist Masterpieces. Ends Nov 27. William de Kooning's Paintings. Ends Jan 8. Closed Mon Museum of Modern Art Cy Twombly (b1929): retrospective of the American artist who moved to Italy in 1957, Ends Jan 10, The Prints of Louise Bourgeois. Ends Jan 3. Mapping: an exhibition exploring the ways in which modernists have made map imagery a principal focus of their work. Ends Dec 20, Closed Wed Guggenheim Museum The Italian Metamorphosis 1943-1968: a survey of visual arts in the postwar period. Ends Jan 29. Japanese Art After 1945 (at SoHo). Ends Jan 8. The main museum is closed on Thurs, the SoHo site on Tues Brooklyn Museum Indian Miniature Paintings: 80 jewel-like paintings from the 15th to 19th century. Ends Jan 8. Closed Mon and Tues

Grand Palais Poussin: 400th anniversary retrospective. Ends Jan 2. Gustave Calllebotte (1848-1894): retrospective of the painter and patron of art who belonged to the circle of Impressionists. Ends Jan 9. Closed Tues, late opening Wed Musée d'Orsay Forgotten Treasures from Cairo: a surprisingly rich collection of works by ingres, Courbet, Monet, Rodin, Gauguin

and others. Ends Jan 8. Closed Louwre British Art in French Public

Collections: paintings by Gainsborough, Reynolds, Constable, Lawrence and Turner, plus drawings, watercolours and engravings. Ends Dec 19. Closed Tues (Hall Napoleon) Musée Carnavalet The English in Parls in the 19th Century: le style anglais in the aftermath of the Napoleonic wars, comprising French caricatures of the English milord and English painterly evocations of Parisian excess Ends Dec 11. Closed Mon (23 rue de Şévigné) Institut du Monde Arabe Delacroix in Morocco: Delacroix's visit in 1832, when he was 34, made a

lasting impression on his art. Ends Jan 15. Closed Mon (1 rue des Fossés Saint-Bernard) Petit Palais From Baghdad to Isphahan: 70 Islamic manuscripts evoking the ancient civilisation of central Asia, on loan from the Institute of Oriental Studies in St Petersburg, Ends Jan 8. Closed Mon ROTTERDAM

Museum Boymans-van Beuningen From Van Eyck to Bruegel: 96 Dutch and Flemish paintings dating from 1400-1550. Ends Jan 22. Alexej Jawlensky (1864-1941): retrospective of the Russian-born artist who was a member of Kandinsky's circle in Munich, Ends

STOCKHOLM Nationalmuseum Goya: 50 paintings and 60 prints, most of them on loan from Spain. Ends Jan 8. Closed Mon TURIN

Nov 27. Closed Mon

Gallerie Civica d'Arte Moderna A Celebration of Art Nouveau; a re-evocation of an exhibition held in Turin In 1902. Ends Jan 22. Closed VENICE

Palazzo Correr Masterworks from the Petit Palais in Geneva: 70 Impressionist and Post-Impressionist paintings from the collection of the industrialist Oscar Ghez de Montenuovo, including works by Degas, Gauguin and Derain. Ends Dec 11. Daily VIENNA

Kunstforum Herbert Boecki: centenary retrospective of the Austrian Expressionist. Ends Dec 4. Dally Künstlerhaus Egyptomania: 300

exhibits showing the influence of Egyptian art on European painters. sculptors, authors and architects from the baroque period to the present. Ends Jan 29. Daily WASHINGTON National Gallery of Art Roy

Lichtenstein's Prints: 90 works by the American Pop artist. Ends Jan 8. Milton Avery (1893-1965): 67 works on paper, Ends Jan 22. From Minimal to Conceptual Art - Works from the Vogel Collection: 90 drawings, photographs, paintings and sculpture by contemporary artists, including LeWitt, Christo, Ryman, Beuys and Flavin. Ends Nov 27. Daily WOLFSBURG

Kunstmuseum Man Ray: more than 60 photographs by the American master of the enigmatic and the unusual, mostly dating from 1919-1949. Ends Jan 15. Jean-Marc Bustamante (b1952): large steel sculptures by the French Artist. Ends Nov 27. Closed Mon

tem helps companies raise new equity capital by selling shares to their existing shareholders.

There is growing concern, however, among regulators, companies and some investment bankers that the system is too expensive. Alternative ways of raising capital used in other countries are cheaper and just as good, they sugge

"The cost of capital in this country is too high because of our arcane practices," says Mr Amir Eilon, director of corporate finance at Barclays de Zoete Wedd, the investment

The Office of Fair Trading is reviewing the system that requires companies raising new capital to pay fixed commission charges, regardless of the attractiveness of the shares or market conditions at the time they are sold. An unpublished study by Professor Paul Marsh of the London Business School for the OFT has concluded that institutional investors which help launch new share offerings have earned what he describes as "excess returns" of about £240m between 1986 and 1993.

The UK system works like this: a company that wants to raise capital by issuing shares finds an investment banking adviser to structure the deal and underwrite it, that is promise to buy all the shares at the agreed price. To spread the risk, the investment bank finds institutions among existing shareholders that agree to sub-underwrite the offering. They promise to buy a parcel of the new shares at the agreed price, even if there is a lower market price on the final day of the offer

Under the UK system of preemption rights, the new shares must be offered to existing shareholders, normally at a discount to the current market price of typically around 13 to 15 per cent (although discounts vary). These rights give them the opportunity to buy new shares in equal proportion to their current stake so that they can maintain their proportion

of the share capital. In addition to the discounted new shares - which typically earn the same dividends as the existing shares - sub-underwriters receive a standard fee of 1.25 per cent of the total raised. The broker receives a standard 0.25 per cent commission and the adviser a 0.50 per cent commission. The cost of issuing the new shares is A cut for everyone



therefore 2 per cent of the capital raised, plus - arguably the discount on the shares sold to existing shareholders.

"Underwriters and sub-underwriters perform a useful service for companies by assuming the risks of a failed issue. Historically, however, at least for equity rights issues, the evidence indicates that the fees they charge for the assumption of this risk significantly exceed the value of the insurance they provide," the LBS report says.

London's traditional merchant banks, for which the rights issue system is an important part of their business, defend their corner, however. Commissions are fixed, they argue, because it would be impractical to negotiate the fee with hundreds of institutions which must make snap judgments about whether to sub-underwrite at the offer

And while the commission is the same for all issues, the more attractive shares can be offered at a smaller discount

than less attractive issues. Finance directors privately argue that a system which forces them to issue new shares at a discount raises the cost of capital. More shares have to be issued to raise the same amount of capital and a dividend paid on each one.

"That means the pay-back from the new capital will have to be significantly higher. according to the finance director at one FTSE-100 company. "It then defines the sorts of investment that a company can make.

But Mr Anthony Beevor, head of corporate finance at Hambros Bank, says the arguments about the discount are irrelevant because the true owners of a public company are its shareholders. "You are giving the shares more cheaply to yourself," he says.

But privately, even the institutional shareholders which publicly defend pre-emption rights and which benefit most from fixed commissions question whether the system is in companies' best interests.

An alternative advocated by some of the larger investment banks is US-style "global bookbuilding". With book-building. the shares are heavily marketed by the investment bank handling the issue. The price of the new shares is set at a level that reflects market demand, rather than at an automatic discount to the market price as in most UK rights

However, book-building is difficult to reconcile with UK shareholders' pre-emption rights, which require that the new shares are marketed only to existing investors. There may be ways round pre-emption rights, but they can be applied only in limited circum-

And regulators fear that book-building is less attractive for secondary offerings, where a stakeholder sells a large block of shares and pre-emption rights do not apply. because of the absence of Stock Exchange rules on short-selling. In the run-up to a bookbuilding exercise, shareholders can sell shares they do not own and drive down the price of a company's shares, to reduce the cost of the new shares.

In October, the London Stock Exchange launched a review of rules on short-selling, asking whether there ought to be greater disclosure of short positions. Both the Stock Exchange review and the OFT enquiry are understood to have the blessing of the UK Treasury which is concerned partly because it fears London may lose its edge as the centre for international share trading

because of higher costs. However, London's traditionalists say that the current system makes capital raising in the UK cheaper than elsewhere because fees are lower.

If fees are the only cost of capital, the data suggests there is merit in this argument. According to Securities Data Corporation, a New Jerseybased research firm, the average fee in 1993 for an underwritten offering of \$100m or more in the US was 5.048 per cent. Fees ranged from 2.25 percent to 7 per cent.

Mr Beevor argues that by comparison, the 2.0 per cent fixed fee in the UK is cheap. Even critics of the current system agree that for all its shortcomings, it has been effective in guaranteeing UK corporations access to equity capital through good times and bad, and that alone may be good reason not to tinker with it.

he UK government is now deep into its deliberations on the future of the stateowned nuclear power industry. One of the key issues is whether private money can finance further development of the industry, through privati-sation or funding new projects. Without it, the nuclear power industry has a highly uncertain future in the UK: it is most unlikely that any further nuclear power stations would be paid for by any government, Tory or Labour.

But is the City ready to put up the money instead? This was not the case when the electricity industry was privatised in 1989. The intention then was to sell off the nuclear component as well, but the plan was withdrawn because investors were unhappy with the risks and high cost of decommissioning old nuclear power stations.

The City has since become more sanguine about nuclear energy. Several City institutions are looking for ways of involving the private sector. and KPMG, the accountancy firm, are advising the Depart-ment of Trade and Industry on the prospects for privatising the two generators, Nuclear Electric and Scottish Nuclear, which, by some estimates, could raise more than 52hn Nuclear Electric has hired

Morgan Stanley, the US investment house, to explore investor attitudes to nuclear energy. It has also asked N.M. Rothschild if private money could be raised to finance construction of a new nuclear power station. Morgan Stanley's report, the

only one so far issued, was bullish about the prospects. Based on other countries' experiences with private sector nuclear utilities, such as the US, Germany, and Japan, Morgan Stanley concluded investors were sophisticated enough to understand the risks - the implication being that Nuclear

Electric could be privatised.

The Rothschilds report is not yet complete. But Mr Mike Kirwan, Nuclear Electric's finance director, says it is edging towards positive - if qualified conclusions. It will say that private sector money could be found for nuclear power station construction provided a well-tried design was used and Nuclear Electric was closely involved in the building and operation of any new station. Such a project could be put together using rates of return close to those of the new gasfired power plants currently

being financed - and below the

East-West

co-operation

Sir, In his Farmer's View-

point ("Exaggerated threat

seen in eastern promise", November 8), David Richard-

son argued that British farm-

ers need not be too concerned

about the huge potential of

agriculture in eastern Europe

and the former Soviet Union.

He says British farmers lack

the skills necessary to start

operating in these countries,

and the threat of competition

back home is still a long way

off due to cultural, capital,

political and climatic prob-

lems. He is wrong on both

Countries like Ukraine have

a clear potential to compete in

world markets for leading

crops like cereals and oilseeds. Yields of the most progressive farmers are already well above the UK average and farmers

are exporting profitably, not

only to the huge regional mar-

ket but to Europe and North America as well.

The answer is not to bury

heads in the sand waiting for a

"serious threat 10 years from

now". The countries of the for-mer Soviet Union and eastern

Europe should be regarded as a

new opportunity for western

Europe's beleaguered farmers.

East/West co-operation in farm production offers significant benefits to both sides. For east-

ern farmers co-operation

counts.

on farming

beneficial

Ted George
Turbines at Sizewell B: private funding for such sites is possible

### Particle of hope

David Lascelles on a shift in the City's attitude to nuclear energy

11 per cent assumed by Nuclear Electric up to now. But these institutions are all working for the industry. What of independent bankers and financiers? Here, views are more mixed. Several analysts say the City has paid little attention to the nuclear review. "Investors only start thinking about a project when someone sticks a prospectus

under their noses," says one. "We are a long way from that." But the City is now clearly less concerned about the risk of catastrophe or environmen-

tal contamination. The perception of Nuclear Electric and Scottish Nuclear has also shifted: they are now seen as commercial concerns with capable and communicative managements. The fact that they have made determined efforts to cut costs and become profitable has been noted, and their annual accounts have begun to

acquire greater credibility with financial analysts. In particular, the companies' estimates of decommissioning costs are considered to be more realistic than in 1989.

But the more commercial nuclear energy becomes, the more the City is inclined to ask hard-nosed questions about the nuclear generation business

A large risk overhanging the industry is seen to be government interference. Nuclear companies would need government promises of full commercial freedom for privatisation to succeed. But this would be no guarantee against future government intervention which might try to restrict nuclear activities, or require heavier decommissioning provisions, so affecting profits.

This freedom would have to extend to managing one of the industry's major costs: waste. At the moment, the two companies have to use the expen-

sive services of British Na Fuels, the state monopol when cheaper means are available, such as endite tistage. They are also shareholders in Nirer, the state agency which handles long-term radioactive waste disposal. Analysis say these ties would have to be loosened if the two companies

were to be truly commercial The point about commercial freedom is of particular con-cern because few analysts believe more power stations will be built, due to public opposition. The two companies must therefore be able to branch out if they are to give and pay rising dividends.

or privatisation to work, the government would have to create a package attractive to the City. This means the dirti. est and costliest parts - the first generation Magnox read tors - remaining in state own ership. But both companies would also have to set up a segregated fund for their decommissioning provisions to persuade investors they were safe for the long term. Currently, these appear on the general balance sheet where hey can easily be diverted.

The City's mixed views on privatisation are an improvement from the wholly negative ones held in 1989. Mr Knwan of Nuclear Electric says he is encouraged by conversations with financiers. T think investors realise decommissioning is only construction in reverse albeit with a longer time frame," he says. "It is normal for investors to accept it and pay for it."

Some analysts agree that privatisation could be on the cards. "It's do-able, but it's really a matter of political says Mr John Reynolds, electricity analyst at James Capel, who thinks that the sale could be done in 1996.

But few analysts expect action under this government. Although there would be gains for the Treasury from an early sale, and the electricity market would benefit from greater competition, the implications of nuclear privatisation may be too momentous for a precarious government in the run up to an election by mid-1997.

From this week, Joe Rogaly's Friday column is moving to Saturday's Weekend VT. He will continue to write on this page on Tuesdays

# FINANCIAL TIMES

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brings access to investment capital, farm business and marketing skills, knowledge about new technologies and customer contacts. To western farmers it opens up a whole new set of potentially profitable investment opportunities and access

to new markets. We should stop talking about ensuring that the EU's pro-tected markets remain closed to unfair competition and become more proactive in encouraging western farmers to take some practical steps to invest in the east Neil Spooner,

director, food and agriculture International Committee for Reform and Co-operation, An der Elizabethkirche 25,

53113 Bonn, Germany

### Number One Southwark Bridge, London SE1 9HL. Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution. Phased Ecu launch a necessity

From Mr Andrew Van Husten. Sir. As a proponent of free trade between the North Amerby opposition, especially in the UK, to proposals by Germany and France to launch the Ecu

in phases, the so-called multispeed approach.

The EU will probably have some 16 to 20 members by the end of this decade - the target date for monetary union - and it is unrealistic to expect consensus by all involved, given wide disparities in social and economic development. Put another way, it is highly doubtful that all members will have met the stringent fiscal and budgetary discipline required

by Maastricht.

unwieldy assortment of does not make sense any more nations needs to be revised. The yen and dollar now rule anyway, to make it a function- the world. A union with 450m ican Free Trade Area and the EU - if anything, to counter the Japanese challenge more effectively - I am disheartened which are fully committed to it people, soon to exceed half a billion, can no longer be left behind.

The "inner core" initiative, and could qualify now under Maastricht strikes me as necessary, and the only way to move Europe towards a single currency. It is critical if the EU is to remain internationally comnetitive (not to speak of its psychological impact).

That Europe needs to rid itself of (now) 12 currencies in the space of 2.35m sq km (the size of Zaire or Sudan or Algeria) is self-evident, Such a number of currencies promotes inefficiencies for business and individuals alike. It is hopelessly ponderous and, in these days of fast trains crossing Decision-making in such an countries in mere hours, it

The "inner core" initiative, probably encompassing France, Germany and the Benelux, should be applauded by the rest of the EU members. They are taking the risks. While the Ecu will not replace national currencies at this stage, and would amount to alternative tender, the whole initiative could fail. But it is a beginning that needs to be tried, lest the Maastricht ideals fall apart.

Andrew Van Husten, Van Husten International Co, 1847 Acacia Hill Drive, Diamond Bar, California 91765,

### Oxbridge problem is its products' 'special' status

From Mr Walter Ellis, Sir, In his article, "Oxbridge arrogance" (Truth of the Mat-ter, October 15), Nigel Spivey, editor of the Cambridge Review, joins his many colleagues in the Oxbridge estab-

bigoted "knocker" of our ancient universities. Referring to my book, The Oxbridge Conspiracy, he writes that "to perpetuate the mythoiogy of some cabalistic, public school, backward-looking Oxbridge is pure prejudice, and it is a prejudice to which Walter Ellis ... must confess".

lishment in dismissing me as a

In fact, my book makes clear (to those who bother to read it) that what is wrong with Oxbridge is not its residual bias towards the public schools, but the fact that its products, both state and private, are treated by English society as a special caste, whose entry to the corridors of power, privilege and wealth is assured, overwhelmingly, by virtue not of academic performance, but attendance.

Other universities have bright people, too, but they must fight to be noticed. Spivey's reference to "beefy" Magdalene College rugby play-

ers lining up to urinate in front of their retiring Master scarcely refutes this contention, even if several of the masterly micturators did come from a Swansea comprehensive. Nor, surely, is it helpful sive. Nor, surely, is it helpful to his case to point out how "gratifying" it is that so many of the nation's top jobs are held by Oxbridge graduates. Britain, he says, needs more arrogance, not less. Well, if so, we know who to look to for a lead.

Walter S Ellis, 134c Coleraine Road, Blackheath, London SE3 7NU.

#### IMF and loans to Zambia

November 4 from Mr G G Johnson, assistant director, African department, International Monetary Fund, omitted a passage in his reference to concessional loans and grants from bilateral and multilateral sources to Zambia. It should

The letter published on have read that they have averaged more than \$700m a year during the three years of the programme, while cash debt service, including payments to the IMF, has averaged less than \$300m - an overall net inflow of more than \$400m a year".

### Information • from NRA

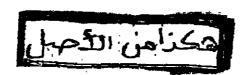
From Mr Ed Gallagher. Sir, The NRA has been accused by the Campaign for Freedom of Information ("River information paid for by the piggy bank", November 9) of overcharging the public as a means of inhibiting the release

of information which they are entitled to have. This is not so. The NRA is an open organi-sation. Every regional office holds a register of information which the public is entitled to inspect free of charge. The typical charge for photocopies from the registers is £1, which includes up to 10 copies.

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We do not charge school children. There is a comprehensive education pack available free to every primary school in England and Wales and many of their requests can be satisfied from our 600 reports and leaflets, many of which are free of charge, and which we sup-ply willingly. Ed Gallagher,

chief executive. National Rivers Authority. London SE17TL



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### FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Friday November 11 1994

### Ratifying the round

An electorally battered President Everything achieved before the Bill Clinton is about to fly to Jakarta for the second annual summit of the Asia-Pacific Economic Co-operation forum. Foreign policy success matters to the president, but in this case what he achieves abroad will be determined by events at home. The US will create nothing concrete within Apec if the Uruguay Round outcome is not ratified.

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That task falls to the lame-duck Congress. Some argue that a duck as lame as this one has become has no right to pass legislation of such significance. It would indeed have been better to have ratified the legislation sconer. But there is no alternative. If the bill were to die in the present Congress, it could not be reintroduced into the next one under the "fast track" authority. Amendments would then be possible and, being possible, would be probable. If the round were passed in a different form from what was negotiated, it would have to be reopened. The chances that others would agree to that idea, after seven years of wearisome negotiations, can be

defined simply as zero.

This notion of a later consideration is frivolous. The US has a simple choice: to ratify or not and the time to decide is now. The US is, it appears, also the only country in the world to have important substantive doubts about the deal. So a heavy weight now falls on the shoulders of this particular lame duck.

The benefits of the round are not the smallest part of what is at stake. A report from the Gatt secretariat, out today, presents the results in greater detail than hitherto. In addition, it uses a sophisticated economic model to evaluate the benefits to total world income, which it assesses at an increase of \$510bn in 2005, including a gain of \$122hn for the US. Huge as it is, this excludes the effects of the round on services, intellectual property and, more generally, on security of market access.

Over-optimistic

Such calculations also rest on the over-optimistic assumption that the alternative to ratification would be the status quo ante. Yet the decision to initiate the Uruguay Round was a response not just to protectionist pressures, but also to the belief that the international trading system had become too incomplete to remain relevant. The final deal is the product of the seven years of the round, them-selves following around four years of preparation. If, after 11 years of effort, the outcome fails to be ratified by the country that drove the process throughout, the system will stand condemned as irrelevant to the problems of today.

round would then start to unravel. The credibility of the US is as much at stake as that of the multilateral trading system. It is unlikely, for example, that countries would be prepared to enter into complex negotiations on an Apec-wide free trade agreement if the US was unable to ratify the Uruguay Round. Such a negotiation would be condemned as a waste of time: full of sound and fury, signifying nothing.

Leap forward

The puzzling thing about the doubts surfacing in the US is that the Uruguay Round is, in every important respect, its baby. It was the US that wanted inclusion of agriculture, services, intellectual property and trade-related investment measures. It was also the US that wanted a more effective dispute settlement procedure. While the outcome has inevitably fallen short of initial US demands, it is also a huge leap forward. The World Trade Organisation is, in fact, a remarkable achievement of global co-operation.

Yet at this very moment of triumph, people in the US have rediscovered the old concerns about sovereignty that buried the International Trade Organisation back in the late 1940s. The truth, however, is that unbridled national sovereignty is impossible in the case of trade, because two governments are abvays involved. There is no alternative to some kind of international agreement if conditions for global trade are to be both predictable and liberal.

This is what the US learnt in the 1930s. It is now 60 years since the Reciprocal Trade Agreements Act started the country on the journey that culminated in the Uruguay Round agreement. The process underpinned the postwar success of the market economies, which is why countries like China and Russia want to join. Now, in the post-cold war era, economics have also taken a central place in international political relations. Failure by the US to ratify the round would, therefore, amount in one moment to a repetition of the two great mistakes of the inter-war period - the vote against the League of Nations in 1919 and the Smoot-Hawley tariff of 1980.

To make those mistakes once was calamity enough. To repeat them would be unforgiveable. It is often difficult to know in advance whether an event is historic. But this is certainly one. The Uruguay Round decision is a defining moment in the history of US relations with the rest of the world. The achievement of the deal was bipartisan. The challenge now is to both parties. All concerned must remember what is at stake.

### Learning the right lessons

one of the most difficult tests of domestic policy: devising a workable national curriculum for schools. The final text published vesterday hardly deserves an "A" grade. But although the teaching unions have given only a grudging response, the proposals look like delivering peace in Britain's schools after years of turbulence. Informatic . A year ago that looked unlikely. The curriculum proposals, which stemmed originally from unease about falling standards of literacy and numeracy, had become so

detailed and extensive that they threatened to engulf every minute of the teaching day. Meanwhile, the desire to raise national standards in core subjects had become an obsession with testing almost

everything.
The problem has been that the government envisaged the curriculum and the associated system of tests as performing three entirely separate functions: setting a standard of education to which schools should aim; providing a Nationwide picture of how students are doing; and giving parents and teachers benchmarks for the progress of individual pupils. In trying to satisfy those ambitions, the original curriculum risked performing no task well

Slimmed down

The final version of the curriculum, the product of an 18-month review by Sir Ron Dearing, chairman of the Schools Curriculum and Assessment Anthority, untangles much of that muddle. It holds to the main principles laid out in a preliminary revision in May: many areas have been slimmed down, and the core subjects English, mathematics and science have been strengthened, as have

information technology courses. There are still unwelcome signs of party ideology: UK history must

At last, after six years of attempts, seven years old, and, in line with the UK government has passed the pledge the prime minister made to his party conference schools must encourage competitive team sports. There are also signs of confusion about the aims of science teaching, the emphasis on natural sciences has increased but there is much fiddling with the detailed content of lessons. Such points aside, schools' anxieties about the rigidity and workload of the original proposals have been broadly answered.

National standards

So too have many concerns about testing, in a series of radical revisions to the original proposals. In recommending testing by external examiners at ages 11 and 14, rather than by schools themselves, the curriculum has become more clearly a tool for assessing national standards and comparing schools. At the same time, it has rightly relinquished the impossible goal of providing standards by which to monitor every child.

The changes appear to have pacified most of the teaching unions, who should now withdraw gracefully from boycotting tests. They should recognise that, having gained so many concessions, they could lose much sympathy by persisting. The unions can, however, credit themselves with engineering, almost inadvertently, an important improvement in education policy which would otherwise

not have taken place. The pity of the saga is that a workable curriculum has been devised almost by chance, out of a dispute that began on the narrow territory of teachers' workload. Mishandling of that squabble by both sides widened the debate; i is a happy accident that such a bitter row has produced a workable policy. The government has now come up with more or less the right answer. But it earns few marks for the painful and probe taught even to papils under longed route it took to get there.

The economic transition of the former communist countries is starting to pay off, says Anthony Robinson

## Painful rebirth from the ashes

taken place on such a scale and at such frantic speed. And while the privatisation itself has not created enterprise capital or managerial expertise, it has generated the need for efficient banks, stock markets and investment funds and sparked off a hunt for foreign equity investment and managerial skills. The distance from the old command economy is already enormous.

pension funds and the like, was a However, the pain has been greater than originally imagined. In essence the past five years have been spent cutting back the Although, the death agonies of the bloated bureaucracies and militarold system have been exaggerated ised, monopoly producers, fostering by a statistical reporting system private enterprise and filling up the space between the spokes. based mainly on output from state enterprises, the first two to three years of reform did see a 20 to 40 Thousands of would-be entrepreneurs, bankers and stockbrokers per cent fall in industrial output. from the east have set out on a Production of armaments, shoddy

consumer goods and obsolete industrial equipment fell. Millions of workers in what had been secure jobs were sacked, placing a large burden of social payments on state budgets at the same time as revenues from taxes on state enterprise profits were collapsing. Entire industries and company towns have closed or have stockpiled unwanted goods, failed to pay wages and run

up impossible debts. This industrial decline has been accelerated by the collapse of the Comecon trade and transferable rouble payments system in late 1990, and exacerbated by recession and protectionism in the west. Most central European countries now do more than 50 per cent of their trade with the EU, which, through a series of bilateral and "asymmetric" association agreements, offers free trade in many industrial products but retains restrictions on "sensitive" products such as iron, steel, textiles and foodstuffs backed by anti-dumping and other blocking measures.

In the confusion of the transition to a market economy, many of the state's best assets have been hived off by communist era factory managers. This has left the loss-making cores of thousands of enterprises facing bankruptcy. In Ukraine, Russia and those former Soviet republics where output was concentrated in military or related sectors, severe

Economies of former communist countries

	Growth in read QDP 1993† (%)	Retail/ consumer prices 1983‡ (% chg)	GNP per capita* 1992 (5)	Private sector share of GDP mid- 94°* (%)	Agri- culture siture in GDP§ 1992 (%)	Total foreign direct invest, '90-63 (\$m)	Foreign direct invest. (% of total)
Eastern bio							
Albenia	11	31	n/a	<b>50</b>	56	39	0
Bulgaria.	-4	64	5,130	40	16	164	1
Croatia.	-3	1,150	r/a	40	n/4	46	0
Czech Rep	0	18	7,160	65	· 6	2,600#	21#
Macedonia	-15	244	n/a	35	n/B	n/a	n/a
Hungary	-2	21	5,740	55	7	5,441	44
Poland	4	38	4,880	55	8	839	7
Romenia.	1	296	2,750	35	20	140	1
Slovakia	-4	25	5,620	55	6	2,600#	21#
Slovenia	1	23	n/a	30	n/a	275	2
Former Scr							
Armenia	-15	10,900	2,500	40	41	n/a	n/e
Azerbaljan	-13	810	2,650	20.	29	n/a	n/a
Belarus	-12	2,775	6,840	15	24	n/a	n/a
Estonia.	-8	36	5,250	55	13	180	1
Georgia	-40	2,658	2,470	20	48	n/a	n/a
Kazakhstan	-13	1,925	4,780	20	38	400	3
Kyrgyzstan	-16	1,366	2,820	30	28	n/a	n/a
Latvia	-12	35	4,690	55	24	103	0
Lithuarda	-16	188	3,710	50	28	45	0
Moidova	14	837	3,870	20	33	n/a	n/a
Russia	-12	842	6,220	50	13	2,000	16
Tajilidstan	-26	7,344	2,000	15	33	n/e	n/a
Turkmenist.	`-8 ·	4,500	3,950	15	48	n/a	n/a
Ukraine	-14		5,010	30	· 23	r/a	π/a
Uzbekistan	1	927	2,600	. 20	39	145	1

the unreformable Soviet system had to be destroyed if resources were to be freed for productive purposes and export, instead of being turned into arms or pollution.

Millions of jobs have been created in trade, services and private enterprises. A wide range of consumer goods, previously unavailable or restricted to an elite, is now on sale in privatised shops and kiosks. Some people have grown very rich; But the important point is that the weak, sick and unemployed

have become poorer. But overall the dynamism of the private sector is impressive and remains under-recorded.

Countries such as Poland and the Czech Republic, which established macro-economic stabilisation and internally convertible currencies at an early stage, are now leading an economic upswing throughout central Europe.

ago, of how to create capitalism appeared on November 9

without capital, has been largely answered: it has been accumulated from the savings made by reducing waste and through the privatisation

of poorly used former state assets. But in the former Soviet Union, in particular, billions of dollars of cap-ital have been created through the often clandestine expropriation and export of raw materials, energy and other resources. Many "robber barons" have set up foreign bank accounts, awaiting the legal reforms in Russia that will allow them to repatriate their suitably laundered funds. This capital, like that amassed by the US and European equivalents in the 19th century, is needed to capitalise the new private banks and to finance the plants and infrastructure required to begin the

industrial transformation of Russia. Foreign investment to date has been modest, relative to other emerging economies in Asia or Latin America. The EBRD calculates that total foreign direct investment in 1990-93 in the entire former Soviet controlled area, with 450m inhabitants, totalled \$12.42bn. Singapore alone, with only 3m people, received \$5.6bn just in 1992.

ut the slow start was inevitable, given the absence of property title and the lack of legal and administrative frameworks required to attract and absorb foreign capital. Foreign investment is now rising, as companies discover the region's potential and east European governments introduce institutional changes and open up strategic sectors, such as telecommunications.

Successful foreign debt reduction and rescheduling agreements by Poland and Bulgaria have also played a part. Poland, which claims to have received \$4.5bn in foreign investment to date, expects a similar amount in the next year or so.

Governments throughout the region have become more sophisticated and more aware of the global competition for foreign investment. They have learnt that foreign investment brings more than capital: it also provides technology, managerial skills and access to

world markets. The big US multinationals and their European equivalents, such as Asea Brown Boveri, Unilever and Nestlé, have been among the first to see the potential of the east. But close observers, such as Professor Jeffrey Sachs of Harvard University, argue that EU nations must declare war on their protectionist lobbies, abolish trade barriers and speed up investment if eastern Europe is to achieve "Asian tiger rates of growth.

The great question of five years An earlier article in this series

### Sweden must vote Yes for influence



join the European ity is against, it will remain a member of the Russness For the European Eco-PERSONAL nomic Area, the

On both sides of Rurope, businessmen, bankers, politicians and econo-

The fall of the frantically at work

WALL since the demolition of the Berlin Wall in

1989. The degree of waste and ineffi-

clency in planned economies has

proved greater than anticipated. But the biggest surprise - both for

east Europeans and for westerners,

who had taken it for granted - has

been the subtlety and sophistication

Mr Dennis Skinner, Midland

Bank's representative in Moscow 10

years ago, at that time described

the Soviet-style economy as "a giant

cartwheel" with a powerful rim,

hub and spokes. But in between

the spokes, in the space which mar-

ket economies fill with a rich, inter-

connecting tissue of financial ser-

vices, advertising and marketing,

quest to discover the secret of abun-

dance, and the mechanisms by

which wealth is created. And an

army of western economists, consul-

tants, accountants and lawyers has

sprung into action to satisfy this

Bank for Reconstruction and Devel-

opment, was set up to facilitate the

transition, while the European

Union and individual governments

set up special funds, such as the

UK's Know-How Fund, to channel

Fundamental principles were

rediscovered. The most important

was the crucial role of private own-

ership and the linkage between

legality, democracy and prosperity. The communist state began by seiz-

ing private property. The restitu-

tion of private property and privati-sation of state-owned assets have

been at the heart of the transition

to a law-based, multi-party market

By early next year, with the com-

pletion of the second round of mass

privatisation, the Czech govern-ment forecasts that 80 per cent of

the economy will be in private own-

ership. The private sector in most

other central European states now

constitutes between 40-65 per cent of the economy. Even Russia, where

macro-economic stabilisation poli-

cies are still being formulated, has

managed to privatise about 50 per

Privatisation has never before

aid and transfer skills.

economy and society.

A new institution, the European

of the market economy.

void," he explained.

mists have been

VIEW free-trade zone that links the EU with members of the European Free Trade Association The vote is too close to call. But

there is a danger that an indecisive and insecure electorate is poised to vote No by a close margin, fearing a Yes vote will change Sweden for the worse and unaware that it will help change Europe for the better. If Swedes appreciate influence on

matters that affect them, they will vote Yes. The EEA provides the Efta countries with little influence. The common administrative and decision-making institutions proposed when the EEA was first negotiated have never materialised. EEA rules are in reality determined by the EU's decision-making proce-

The Efta countries face a constant stream of legislation from Brussels, which they are obliged to take on

On Sunday, Sweden board without much say in its that EU membership will bring few labour market - by reducing unem- However, Denmark was already a votes on whether to development if the EEA is to economic benefits, above those of ployment, now running at 13 per member of the EU with a veto over Union. If the major of the Swedish prime minister, looks the economic dividends of Ingvar Carlsson, the formal sover-eignty of Sweden in the EEA is the sovereignty of the powerless. Becoming a full EU member

would increase Sweden's influence over RU legislation. And even though a small country prepared to pool sovereignty in such a union runs the risk of being outvoted, EU voting procedures give such countries relatively large influence.

out of 90 votes in the Council of Ministers of an enlarged union, Germany, with a population nine times larger, would have only 10 votes. If both Sweden and Norway follow Finland into the EU, the four Nordic countries would have 13 votes, more than not only Germany, but the UK and Italy too.

Further, each country has a veto on questions determined by unanimity. On questions decided by qualified majority, a small number of countries can block a decision. A small country can be influential if it builds winning coalitions.

While Sweden would have four

One argument for a No vote is

remain homogeneous. In the words membership of the EEA. This over-cent of the labour force. greater influence on legislation and the increased investment in Sweden that membership would generate.

Sweden's public debt and deficits are among the largest in Europe. If it joins the EU it would be encour-

A No vote overlooks the economic dividends that membership would generate

aged to reduce both to meet economic convergence programmes. A reduction in the deficit would help lessen the damaging differential between long-term interest rates in Sweden and in Germany - now running at four percentage points.

Lower interest rates and the certainty that future EU rules would apply in Sweden would also generate an investment boom. This would help the unemployed and the young - as new entrants to the

**OBSERVER** 

women, would also benefit, since

the sector's current size can be maintained only if Sweden's industrial base is strengthened. Yet, as the referendum approaches, wishful thinking has

flourished to avoid facing the hard choices. Some contend that if Swedes vote against membership, it would be possible to renegotiate the EEA agreement to gain greater influence over legislation. This seems unlikely. The European Court of Justice struck down the only common institution in the EEA agreement, the proposed EEA Court, as unconstitutional. And the Efta countries' negotiating power is less than when the EEA was negotiated, partly because the political will to accommodate them has diminished, and partly because there could soon be only two or three Efta members left in the EEA.

Others, recalling the first Danish referendum over Maastricht, argue that a No vote on Sunday would make it possible for Sweden to rene-gotiate its accession agreement. The author is chief economist of the Federation of Swedish Industries

the Maastricht treaty that gave it a Public sector employees, mainly strong negotiating position.

Momen would also benefit, since A Swedish No vote would be simi-

lar to the Swiss rejection of entry to the EEA in 1992. A debt-burdened Sweden on the periphery of Europe can ill afford to be an outsider.

Finally, some have argued for a No vote to give the country space to make the final decision in a few years' time. But to stand by and watch other countries - including Sweden's closest neighbours - shaping the EU would be to miss a golden opportunity. EU members will hold an inter-

governmental conference in 1996 to shape foreign, security and defence policies, relations with eastern Europe, agricultural and fisheries policies, and economic and monetary union. Now, if ever, is the time to join the EU.

#### Per Magnus Wijkman

street trading.

### Safety in numbers

Not had going: two new central bank governors in one day. The announcement of Yasuo Matsushita at the Bank of Japan and Bodil Nyboe Andersen at the Danish central bank adds to the impression that the exchange rate in central bank governors is becoming increasingly volatile.

They used to be such a stable bunch. Brik Hoffmeyer, who has been running the Danish central bank for 30 years, is a local hero in Denmark and a permanent fixture on the international monetary circuit. And he was not the longest serving central banker. Iceland's Johannes Nordal who retired a year or so ago had run his central bank even longer.

Leaving aside Luxembourg's Pierre Jaans, Wim Duisenberg of the Netherlands now becomes the grand old man of European central banking and he has only been doing his job since 1981, according to the Morgan Stanley Central Banking Directory. Nine of the European Union's central bank governorships have changed hands over the last couple of years - which must be some sort of record.

Then there are all the new faces popping up in eastern Europe. How else will Moscow's Tatyana recognise Tokyo's Yasuo if they don't start wearing big lapel badges at international gatherings? Pretty

soon there won't be a central bank governor left who can remember the third world debt crisis or the last time there was a run on a big US money centre bank.

Buy one or stop me ■ Strawberry ripple and tutti-frutti blocked traffic outside the mother of parliaments yesterday - 45 ice cream vendors protested against legislation allowing the confiscation of their vans for alleged illegal

Ray Fionda - not a flavour but vice-chairman of the Association of Mobile Ice Cream Traders believes his members are suffering from legislation more suited to drug traffickers. "Confiscating a van which costs £45,000 is over the top, he says. Sounds like a case for the Department of Transport's cones hotline.

#### Home for Gomes ■ Brazil's finance minister Ciro

Gomes promised to lower the job's profile when he took over in September. But so quickly? Gomes has annoyed so many businessmen and government officials that he has stopped giving media interviews for fear of starting any more rows. In São Paulo this week

he ended up fleeing from the press. Gomes has made some vicious attacks on companies which raise prices. Nor has calling Brazilian

u., .... ...

consumers "suckers" for paying high prices, and threatening to raise interest rates "sky high" greatly endeared him to Brazilians.

Gomes says he will stay in the job until his close ally, president elect Fernando Henrique Cardoso, takes office on January 1. What happens to Gomes then is anyone's guess; the portfolio for spreading goodwill and enlightenment is probably not available.

Art for eats' sake Marcel Duchamp would turn in his grave; he once sent shivers down the spine of the art world by

putting on an exhibition which included a lavatory. Tame stuff by comparison with the latest offering from Chinese artist Huang Yon Ping at Paris's Georges Pompidou centre.
On Tuesday he assembled a group

of spiders, scorpions, snakes and toads in an exhibition wittily entitled Hors Limites, l'art et la vie. 1952-1994 - Beyond Limits, art and life. They were to eat one another, making a statement on humankind's dog-eat-dog world. Unfortunately, police closed the exhibition yesterday using laws forbidding cruelty to animals.

#### Winkled out

■ Having recently created a record 58 new partners, Goldman Sachs probably feels it can afford to let slip a few other names. But probably not fixed-income chief Mark Winkelman

The departure of Dutch-born Winkelman is a serious blow to the investment bank. Several key partners – including previous chairman Stephen Friedman and head of its Japanese operation, Henry James – have now resigned in the last few months. And given that Goldman is struggling to recover from this year's bond market crash, Winkelman's razor-sharp trading skills will

surely be missed. He is withdrawing to spend more time with his family - yes, that old cliché. But in September

Winkelman was passed over for the firm's leadership. His fellow co-head of Goldman's bond business. Jon Corzine, was named chairman and senior partner, while investment banking supremo Henry Paulson became vice-chairman. At 48. Winkelman is a year older than Corzine and the same age as Paulson; did he deduce his chances of becoming top dog were slim?

What will he do, apart from enjoying domesticity? Goldman's Wall Street rivals might be drooling, but Winkelman insists he will probably move into teaching, like other Goldmanites who have gone before him.

#### Call me or else ■ Evidently the telephone is an

endangered species. Dial-A-Gift of Salt Lake City has just changed its name to "the Interactive Gift Centres Network". The New York directory still lists 33 dial-a-somethings, including Date, Mattress and Sewer Man. Given the onward march of political correctness, it can't be long before Interactive Waste Disposal Person

### Comfort station

makes an appearance.

■ The following sign was spotted at a railway station in Kent. "Please note that the men's toilet has been closed today while work is being done. Sorry for any inconvenience."



### FINANCIAL TIMES

Friday November 11 1994



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### French utility halts political payments in ethics campaign

Lvonnaise des Eaux-Dumez, one of France's largest construction and utilities groups, said yester-day it was halting political contributions after a series of corruption investigations that have shaken French business and poli-

The announcement is the most significant move so far by French companies, which are seeking to defuse allegations of corruption. It might push other large business groups to adopt a similar policy ahead of next spring's ntial elections.

Générale des Eaux, the principal rival of Lyonnaise des Eaux said it was reviewing its position

Utilities and public works com-

contributors to political campaigns. Through their subsidiaries, some of them have been linked to investigations of illicit financing of political parties. Subsidiaries of Lyonnaise des Eaux, for example, have been investi-gated in a case that forced the ation in July of Mr Alain Carignon as communications

Mr Carignon faces charges of receiving funding for his political campaigns from a subsidiary of Lyonnaise des Eaux in return for awarding public-works contracts in Grenoble, where he is mayor. Lyonnaise des Eaux denies any

Mr Jerôme Monod, chairman of Lyonnaise des Eaux, said laws relating to company contributions to political parties were complex and unclear. He had decided "to suspend all contribu-tions to political parties until new laws are promulgated to clarify appropriate conduct in

The move reflects concern among leading French business groups about the damage to their orporate image. Générale des Eaux is drawing

up a code of ethics relating to the conduct of company officials in seeking public works contracts. It said it favoured legislation to prevent direct financing of individual candidates or to restrict party financing to the national level. The National Federation of Public Works is preparing a code by which its 6,000 member companies would promise not to offer bribes to win the FFr150bn (\$29bn) of public contracts they

carry out each year. Bouygues,

posal and the implication of previous wrongdoing, comparing the proposal to "a motorist promis-ing, from tomorrow, to obey the highway code".

However, the spate of corrup-tion investigations has prompted calls for stronger action. An allparty parliamentary committee is ssing proposals to ban all direct corporate funding of politi-Police vesterday searched

the headquarters of the Republican party, part of France's gov-erning coalition, during a judicial investigation into alleged corrup-

that could shed light on the origin of FFr28m (\$5.4m) deposited in party funds from 1987 to 1991.

### Insurance on the crest

American market. On the surface,

Allstate's situation is even more diffi-

cult since it was hit by \$845m of earth-quake losses in the first nine months

of the year. Yet it is financially strong

with a powerful market position. So its prospects are healthy if only it can

In this respect Tuesday's election of a Republican insurance commissioner in California could prove significant.

The new commissioner is likely to prove more sympathetic to the indus-

try's case than the present incumbent

The election is also good news for

BAT Industries' Farmers unit, which is even bigger than Allstate in Calif-ornia. A fully independent Allstate is

unlikely to be a more aggressive com-

Shell's rock-solid balance sheet

which includes £7.8bn in cash and

securities, made the Anglo-Dutch com-

pany a safe haven during recession. But the company's financial strength makes it less attractive for investors

at this stage of the cycle. Shell is

under-geared compared with its rivals

so an equivalent rise in operating profits would have less of an impact on

The operational benefits of recovery

are also less marked. The group

avoided the sort of crisis that forced BP to cut staff by 35 per cent in just

Shell has found cost-cutting harder to

implement. That was apparent in yes

terday's results. For the three months

to September, Shell's replacement cost

three years. Without such probl

reduce its catastrophe exposure.

THE LEX COLUMN

Third-quarter profits from Commercial Union and Royal Insurance demon-strate that the UK insurance sector is still riding on the crest of a cyclical wave. But from here on it is likely to be a gentle slide to the next earnings trough. The magnitude of the bounce in profits merely serves to highlight the sector's incorrigible cyclicality.

The niceties of insurance accounting ensure that the slowdown in earnings However, rates in the key domestic motor and household markets - which account for nearly the lion's share of Royal's underwriting profits - have already slipped. They will slip further as the onslaught from low-cost "direct" insurers continues. Also set to deteriorate is the the ratio of claims paid to premium income: the recent improvement does not look sustain-able.

There are plus points. For example, insurers seem willing to forgo market share in motors rather than pursue new business at uneconomic rates. They are also maintaining pressure on costs, as highlighted by Royal's plans to cut its UK workforce by 10 per cent over the next three years. But overall the medium-term outlook for the UK industry is far from bright.

The outlook for the shares is, however, less dependent on the UK insurance cycle - or the management's effort to diversify out of it - than the state of world financial markets. Insurers' investment income is highly geared to the market and a reversal of the recent sharp underperformance of the sector is likely to come only with a pronounced equity market rally.

Sears, Roebuck

Though Allstate now sells little insurance through Sears stores, the group used to point to tax advantages to justify keeping the two businesses together. But these benefits decline as Allstate's underwriting performance

Sears has finally decided that losing the tax break is a cost worth paying to set the two companies free. The market's initial reaction was to mark down Allstate shares, partly on fears that a large proportion of Sears' inves-tors will dump the new Allstate stock, while the Sears share price rose sharply. In the longer term, they may move the other way.

While Sears will finally revert to being a focused retailing group, it faces a tough task clawing back its position in the fiercely competitive

items, increased quarter on quarter by just 14 per cent. Most oil majors FT-SE Index: \$103.5 (+3.9) d results up between 20 per cent and 30 per cent. Shell's lack of financial and operaf-Relative to the All-Share FT-SE A inches

ing gearing does not necessarily mean investors should switch into BP. Both Shell and its UK rival are near all-time highs. Shell, with a prospective price earnings ratio for 1995 of 15, and BP at 13.4, are both at elight premiums to the market. That is unusual for oil companies which traditionally grow more slowly than the economy. The groups' yields offer no great incentive either: BP has outperformed the market by 25 per cent since April and Shell by 10 per cent. That is enough for now.

Executive pay

The Prudential Corporation has in the past been one of the stoutest defenders of directors' three-year rolling contracts. So its expected abandonnent of such contracts may sound their death-knell throughout British industry. Much of the credit must go to the high-profile campaign waged by Mr Alastair Ross Goobey, PosTel's chief executive. It is surely no counci-dence that Sir Martin Jacomb, cur-rently PosTer's chairman, is due to become the Pru's chairman next

year. Even if the Pru does not jobs Mr 'directors in Ross Goobey's campaign directors in other companies will find it harder to cling to their three year rollers. They will no longer be able to point to a large institution's practice as justificapetitor. But its greater stock market visibility may emphasize the value of Farmers hidden inside BAT. tion for their own.

Rollers allow badly-performing executives to receive large pay-offs if they are forced to resign. The actual sums involved are usually small compared with companies' market capitalisawith companies market capitalisa-tions. But rewarding failure in this way damages khareholders' interests not merely through the direct finan-cial impact but also by undermining employee relations. Rollers are a blatant example of one rule for directors and another rule for ordinary

That said, the most important impact of PosTel's campaign may be to give a shot in the arm to shareholder activism. Institutional investors have too often been prepared to walk away from poorly performing companies rather than seek to change their boards and/or strategies. It is to be hoped they will now take a tougher

### Matsushita to head Bank of Japan

The Japanese government last night nominated Mr Yasuo Matsushita, a former career bureaucrat who is now an adviser to Sakura Bank - one of the country's largest commercial banks, as the next governor of the Bank of Japan

Mr Masayoshi Takemura, finance minister, said Mr Matsus-hita would replace Mr Yasushi Mieno when his five-year term expires next month.

The appointment comes at the end of an unusually long wrangle in the government over the choice of governor. Mr Matsush-ita, a vice-finance minister in the mid-1980s, was thought to have been the favoured choice of

finance ministry officials. But Mr Takemura, in a display of independence, had express doubts about the appointment and insisted on considering other candidates. His announcement, which is subject to formal cabinet ratification, means the ministry's views have prevailed.

Mr Takemura was quoted as saying that Mr Mieno "strongly recommended" Mr Matsushita, who was chosen because of his international experience and outstanding career in finance. Mr Matsushita joined the

finance ministry in 1950 after graduating in law from Tokyo University. He rose to the top job,

finance vice-minister, in 1982, but then joined the private sector. He is not expected to depart significantly from the policies of Mr Mieno, who has presided over one of the most turbulent periods in Japanese financial history. On

taking office in 1989 the governor raised interest rates to burst the speculative bubble of asset price

nflation of the late 1980s. When that policy led to the country's deepest recession since the second world war, Mr Mieno cut rates sharply. They now stand at their lowest level in nominal terms, though with inflation now negative, monetary policy is still regarded by many

economists as tight.

nates between Bank of Japan and finance ministry officials. Mr Mieno was a central banker, so Mr Matsushita's appointment

continues the pattern An indication that Mr Matsush ita was about to secure the job came yesterday when he resigned as vice-chairman of the Tokyo Chamber of Commerce, a post that would be incompatible with his new role.

Mr Matsushita is due to take over on December 17. The senior deputy governor will be Mr Toshihiko Fukui, a Bank of Japan executive director responsible for monetary policy. He replaces Mr Hiroshi Yoshimoto.

Observer, Page 15

### US inflation fears ease after drop in producer price index

By George Graham in Washington

Low prices for new cars helped US producer prices to fall last month by 0.5 per cent, blunting fears of rising inflation.

The Labour Department said the drop in the producer price index in October, after another 0.5 per cent fall in September, left the change in prices over the last have become fretful that the Fed 12 months at just 1 per cent. US bonds took heart from the apparent easing of inflationary

sures, and early strength in

the bond market lifted stocks. By 1pm the Dow Jones Industrial Average was up 11.78 at 3,843.53. The benchmark 30-year long bond, after an initial surge, fell back to show a gain of 1 at 93%.
While financial markets remain convinced that the Federal Reserve must raise interest rates at the meeting of its Federai Open Markets Committee wholesale inflation remains sub-

dued may take the edge off mounting expectations in the markets that the Fed might add as much as a full percentage

point to interest rates.

The Fed has preferred to adjust its monetary policy in smaller increments, because of the difficulty of readjusting policy if its forecasts should prove to be wrong. But bond market dealers

International bonds ....Page 21 World stocks .. Second section

is "hehind the curve" in its actions to control any future inflationary threat, and even a half percentage point increase could disappoint the markets. Part of October's price decline was attributed to prices for new model year cars rising less than anticipated by the Labour Department's seasonal adjustments. But even without the drop in car prices, the index still fell

by 0.1 per cent in October. The department's index of core wholesale inflation, excluding volatile food and energy prices, also fell by 0.5 per cent, leaving a year-on-

year increase of 1.8 per cent. Some economists pointed out that prices for intermediate goods rose by 0.3 per cent in October and by 3.0 per cent over the last 12 months, while crude goods, excluding energy and last month and by 13.1 per cent over the year.

FT WEATHER GUIDE

Most economists viewed the roducer price data as good news for inflation. Statistics published earlier this week showed that unit labour costs have risen by only 0.9 per cent over the last year and that manufacturing unit labour costs have fallen by 3.8 per cent in the same

This lack of wage increases was expected to limit the upward pressure on prices caused by ris-

### **IRA** prisoner releases

Continued from Page 1

engaged in a transparent attempt to damage the peace process."
A statement from the IRA said: announced a complete cessation of military operations. All our units were instructed accordingly. This position has not

and frish officials to discuss the framework document which the two governments hope will form settlement in the province.

Republic of Ireland on Mon-

There have been signs in recent days that the governments have made progress - particu-larly in the area of north-south relations - after a period when little progress was achieved.

# **Dublin halts**

On August 31 the IRA

basis of a durable political Sir Patrick and Mr Dick Spring,

Yesterday's killing came on the

the Irish foreign minister, are to discuss the document in the

# Without us, Nissan wouldn't run so smoothly.

Sunderland boasts Europe's most efficient car production line, thanks to close co-operation between Bundy and Nissan. Bandy's satellite plant at Washington, Tyne & Wear, solely dedicated to serving Nissan's Sunderland plants, now delivers brake and fuel lines direct to the line 16 times a day to synchronise with car production.

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#### Europe today High pressure will maintain wintry

conditions over Scandinavia and northeast Europe, while a low pressure system over the former Yugoslavia will cause the Balkans to be wet and unsettled. Southern Sweden and Norway will have snow but clearing is expected from the north. sive snowfall above 1,300-1,500m is expected in the Austrian Alos. Extensive rainfall will move from Austria and the Adriatic to Hungary and Romania. Thunder showers over the southern Balkans will spread to the Black Sea during the afternoon. Western Europe will be mostly Scotland and north-west Spain.

**Five-day forecast** 

A frontal zone associated with low pressure over the north Atlantic will cause renewed rainfall over western Europe during the weekend. It will be warmer and drier next week. An advancing low will prevent wintry conditions over Scandinavia and Siberia from spreading to central Europe but the north and north-east will remain cool.

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#### RECRUITMENT

re UK companies justified in persisting with Inland Revenue approved executive share option schemes when the argument for their retention as an incentive has grown progressively weaker during the past 10 years?

At the time they were introduced in the 1984 budget, Nigel Lawson, then Chancellor of the Exchequer Today, with the said he was convinced of the "need to attract top calibre company management and to increase the incentives and motivations of existing executives and key personnel by linking their reward to perfor-

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the stones three-pay

With the top marginal income tax rate of 60 per cent and 30 per cent capital gains tax that existed at the time, there was considerable attraction among boardrooms in introducing such schemes. They converted income into a capital gain and the cost of them was borne by shareholders in diluted equity and did not impact on the company's profit

and loss account. Without hesitating to consider whether or not what they were doing was fair, both to shareholders and to other employees who did not although the rules would have allowed it - benefit from such schemes, companies clamoured to introduce them to such an extent that now some 90 per cent of publicly listed UK companies have Revenue-approved share option schemes, mainly for directors and

JOBS: Doubts linger over merit of executive share options as incentive or performance yardstick

# Time to spread the jam more evenly

Today, with the top marginal tax rate at 40 per cent, the same rate as capital gains tax, the tax advantage is less important. That has done little, however to stem enthusiasm for renewing schemes as many come to the end of their 10 year life.

A newly published study of executive share options, by Incomes Data Services Management Pay Review. suggests that probably the most important reason for renewing schemes is that companies dare not retreat from what has become the market norm.

"Any company knows that it would be out of line with market practice if it jettisoned its option scheme, even if it was replaced with an alternative long term incentive,"

It quotes a conclusion by the board of Inchcape that failure to renew its scheme would have hindered its ability to recruit outside executives.

The Labour Party says it will end income tax relief on options, but it seems doubtful whether that in itself will be enough to end the practice of paying them.

Whether it would be applied on that carried no risk whatsoever. It options already issued but not exercised is still unclear.

While Gordon Brown, the shadow chancellor has estimated that an extra £200m a year will be collected in tax revenue, it represents only 1.3 per cent of the £15bn that Labour suggests is the annual value of shares taken in options. That figure, however, is disputed. Some put it at less than half that amount.

The main effect of ending income tax relief would be to make income tax due when the shares are exercised rather than CGT when they are sold.

Given that only five per cent of executives have continued to hold their options beyond the three-year minimum period, the biggest significance of this would probably be the loss of the annual £5,800 tax free allowance for CGT.

Perhaps the greatest unfairness to all other employees who did not benefit from the award of share options is that the options were introduced on top of salaries and not instead of some portion of existing executive reward.

They were an unearned bonus

was like winning the football pools without having to fill in the coupon. Neither were they related to the performance of companies. Only if the company did badly was there no

point in exercising options. IDS says: "Executives could make large sums even if the share price rise had more to do with inflation and a general rise in the stock market than with their personal contribution. In some instances, poor company performance could lead to takeover speculation and share price growth, thereby giving a reward for bad results."

The volatility of share prices has made options at times something of a lottery. It was possible, for example, for a chief executive to be awarded options to buy shares when the market was high and yet for a less senior manager to enter the company and obtain options when the market was comparatively low, thus benefitting more than the company boss.

Tarmac is one company which experienced unintended consequences. In its letter to sharehold-

ers in May, it observed that many of the options granted to its executives under the existing approved scheme provided no effective incentive to management because the exercise prices were fixed at a high level in a different economic climate.

"Further, their existence discriminates against longer-serving executives who have played a key role in the recent turnaround in the fortunes of the group," said the com-

In most cases, however, options have resulted in substantial gains. The IDS calculates that the median profit from options exercised in the last three years has varied from between £50,000 and £60,000.

Among the highest profits under the UK arrangements found in the study were £2m and £1.7m made respectively by two directors of Glaxo Holdings in 1991, and £1.3m and £1.1m made by two directors of Smith New Court in 1993. In the same year, Clive Thompson, chief executive of Rentokil, made £2.8m from exercising options. Sir John Egan, the chief executive of BAA, last year netted £1.6m from share

sums paid out in the US, home of the share or stock option. Michael Eisner. Walt Disney's chairman and chief executive officer, realised \$203m, equivalent to the gross national product of Grenada, when

he exercised stock options in 1993. The intrinsic invalidity of such schemes has begun to be accepted in some companies. Reuters, Courtaulds and GEC have discarded their option schemes in the past year and replaced them with alternative long-term incentive arrangements. Sir Christopher Hogg, the chairman of Reuters, has called the assumption of a tight linkage between management performance and share

price "fallacious". Under pressure from institutional investors' organisations, most renewed schemes have introduced performance conditions which must be met before options can be exer-cised, the most common of which is that growth in earnings per share should be two per cent above inflation each year over three years. Another trend is to phase options in with smaller annual grants.

Very few companies have made

schemes more equitable among all employees. Wellcome and ALPHA Airports Group, have introduced all-employee share option schemes that qualify under the same tax rules as the typical executive share option plan. The Inland Revenue does not specify that the schemes should be limited to executives.

It is arguable that such schemes, in addition to being fairer, have greater tax merits for less highly paid employees. While all can take advantage of the annual Capital Gains Tax exemption, senior executives might be expected to have greater overall capital gains, making the exemption proportionally less meaningful to them. As Sir Bryan Nicholson, the president of the Confederation of British Industry, this week joined in the criticism of large boardroom pay rises. arguing that business leaders have a "clear responsibility, moral and political, to set an example on pay

discipline," it is perhaps time for companies to address honestly a fundamental question about share options; what purpose do they

#### Richard Donkin

as part of an annual subscription to IDS Management Pay Review at £202 a year, IDS, 193 St John Street. London EC1V 4LS. Tel: (0)71 250

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ring Stephonie Walter on 01603 683519 or send a vitae to ber at Norwich Union PO Box 432, Sentinel House, 37 Surrey Street, Nonvich NR1 3PW.

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City

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**Location: City** 

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Interested applicants should initially contact Sue Lintern at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH, for an information pack, quoting reference 208880. Telephone 071 831 2000. Closing date 21st November 1994.

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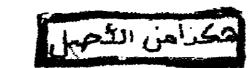
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No information will be disclosed without applicants' prior consent.

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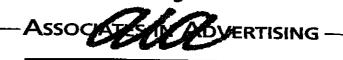
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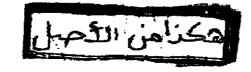
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Jim Kelly reports on the new rules on 'going concern' statements which make explicit their judgments

aking a statement that a business is a going concern should be viewed in the same way as a weather forecast. It is a judgment based on available data at a point in time. It is not a guarantee of fair weather.

No one would think of suing a weather forecaster after a holiday ruined by rain. However, we might be justifiably annoyed by a 24-hour forecast which failed to notice the approach of a typhoon.

The problem with the concept of going concern is that it is seen by many shareholders and investors as providing a guarantee against collapse. When things go badly wrong they feel aggrieved.

The late 1980s provided a string of examples of company collapses within months of the nublication of accounts. audited without qualification, and containing the assumption that the company was a going

Creditors sought to apportion blame and turned to the auditors. The situation cruelly exposed an "expectation gap". If the company concerned was a going concern eight months ago why was it now revealed to be nothing of the sort? What had the auditor missed? What had the directors failed to tell the auditor?

This week the Audit Practice Board, and the Working Group on Going Concern, with mem-

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hers from the Institute of Chartered Accountants, the Hundred Group, and the Institute of Chartered Accountants in Scotland, have between them attempted to clarify the responsibilities of auditors and directors with respect to going concern. Their work is a direct response to the corporate fail-

ures of the 1980s. Both have been keen to make plain what going concern is not. It is not a cast iron prediction. It is a judgment made on the available evidence at a point in time. That judgment is based on the information provided by the directors. It is not a guarantee the comnany will continue to trade. What going concern is has

become much clearer this week and the APB and the working group deserve credit for co-or-dinating their findings and coming up with a practical

The only danger is that they may have difficulty in restraining public expectations in the future.

The APB's Statement of Auditing Standards (SAS) 130 replaces the old auditing guideline which was widely criticised for giving the auditor a passive role on going concern. linless the auditor literally fell over contrary evidence the business was presumed to be a

SAS 130, which covers all audited companies, requires

the auditor to take a pro-active extra work will be needed. role and to consider, rigorously, a business's ability to continue as a going concern. That ability should extend into the "foreseeable future" -which is not strictly defined.

However, if directors of the company in question consider a period of less than one year from the date of the approval of the financial statements and do not disclose it, the auditors must record this in their basis

This subtlety can be seen as the APB watering down the rigor of the standard or introducing a practical recognition that some businesses, such as a fashion house faced with an unpredictable spring season, might not be able to provide the detail required for such a period.

The auditors, under SAS 130, should qualify their opinion if they think the directors have not backed up their assertion of going concern with adequate information The auditors should register an adverse opinion if they disagree with

Michael Boyd, chairman of the task force that produced the standard is sure it will not create a "make work" project for companies. It is not mandatory for companies to provide cash flow forecasts or budgets to back up going concern. For many companies no The standard is effective

extra work.

from June 30 1995 although the APB wants it adopted when those companies being audited already comply with the Cadbury Code - under which directors are already urged to make a statement of going con-

What the APB has done for auditors, the Working Group on Going Concern has done for company directors of listed companies - including those quoted on the USM. It has published this week guidance on making an explicit statement of goirg concern.

As its guidance is a codification of best practice with which it believes companies with year ends from December 1994 can comply. The guidelines give directors three options:

• To state that the company is a going concern.

• To state it is a going concern but with an explanation of potential problems and how they would be dealt with. To state that the business is not a going concern.

Needless to say the final option is going to be rare. The second will not be as rare and will need very careful handling if it is not going to inflict severe damage on the share

in the case, for example, of an incomplete negotiation of a contract, analysts and the press would need to be care-

Advice to directors on the Taken together this week's publications certainly appear definition of "foreseeable to increase the responsibilities future" has again been dovetailed with the APB's rules for of auditors and directors. By auditors. Generally they should look at all the relevant clearly setting out their duties and roles the APB and the working group have put in information available - including the long-term view. The place a strong framework. expiry of a patent, for example. There may be some fears that as a result the liability of audiin 15 years' time is not an irrelevant item for consideration. tors has been increased.

One can see some potential This is certainly a danger. problems when the new rules But the allocation of responsiare up and running. Imagine a bility between the parties has group of directors putting foralso made it clear that auditors ward their judgment that the provided by directors. The company is a going concern based upon a forthcoming rules now also make it explicit that the going concern judgbank loan. The auditor may discover, after questioning the ment is not a guarantee of directors, that the loan is only future prosperity. to be forthcoming if the com-If auditors can educate the pany is judged a going conpublic on this definition of cern. This kind of situation going concern it will go a long

way to closing the expectation will require a common sense gap and protecting them from solution. One could imagine a tripartite meeting between the blame when companies fail. parties involved as a good The need for more open discussion and analysis in financial Finally the APB also pubstatements of going concern lished this week a revised bulshould also benefit the public etin on corporate governance which said that it was imprac-For most company directors tical for auditors to give an the new rules will not be a oninion on the director's report

burden. But the guidelines on going concern. This was undoubtedly focus their responsibilities in a way which seen as involving too much difficult to avoid. There will However, if the director's be those who do not wish to report is inconsistent with take a more rigorous approach what the auditor knows from to what has up until now been having to sign off the accounts seen as a bland assumption.

### GROUP FINANCIAL **MANAGER**

Milford Haven Port Authority is one of the UK's major ports with an annual throughput of 30 million tonnes and turnover of £10 million.

The Port requires a Group Financial Manager who will be-

- A fully qualified, computer literate accountant with substantial business experience.
- Able to act as the Board's financial adviser.
- Experienced in treasury management.
- Able to act as Secretary of the Authority's subsidiary com-

Salary is in the region of £35,000-£40,000 + a non-contributory pension scheme. A car is provided.

CVs should be sent by 1 December 1994 to:

General Manager, Milford Haven Port Authority, P.O. Box 14, Milford Haven, Dyfed SA73 3ER.

#### GROUP ACCOUNTANT

A North East based Agricultural Merchanting Business requires a qualified Accountant to take responsibility for this £15m turnover business comprising three operating

Responsibilities will include the preparation and presentation to the Board of monthly management accounts and forecasts, plus preparation of statutory accounts. Applicants must be ACA's with a minimum of 5 years post qualification experience gained in a senior role within commerce or industry.

This is a key appointment as the Senior Financial Officer, within a small management team, in a rapidly expanding business. The candidate will report directly to the Group Managing Director.

Salary: Circa £27,500 Please apply in writing enclosing a full CV to our advisers: James Judd, Walter Judd Limited 64 Queen Street, London EC4R IAJ

CLYDE PETROLEUM plc

### Financial Controller

Herefordshire

Clyde Petroleum plc is a fully listed British independent exploration and production company, with interests predominantly in the UK and The Netherlands and a current turnover in excess of £100m.

Based at the company's headquarters in Herelordshire, and reporting to the finance Director, a Financial Controller is required who will assume full responsibility for internal controls and the production of timely and accurate management and statutory accounts together with variance analyses and cash flow forecasts in order to monitor effectively the performance of the business.

■ Candidates should be aged over 32, and be oualified accountants who have ideally gained substantial financial management experience within the upstream oil sector. Alternatively, candidates could come from within a non-related business but must have strong technical management and financial accounting experience to PLC standards and be familiar

with Stock Exchange requirements, Experience of working within an international organisation and knowledge of foreign currency transactions would be advantageous.

c.£45,000 + Car

The importance of this role is reflected in the requirement for considerable communication skills to liaise with senior management and joint venture partners. The successful candidate will need to demonstrate a proven track record of staff management and be able to work in a close-knit and informal environment.

A relocation package will be available if appropriate.

Please write enclosing a curriculum vitae including current ration and quoting reference CA586 to Carrie Andrews at Ernst & Young Corporate Resources, Rolls House, 7 Rolls

**II Ernst & Young** 

**HEAD OF CENTRAL INTERNAL AUDIT** 

NEW ROLE IN HIGH PROFILE INTERNATIONAL GROUP

WEST LONDON

 International, household name consumer products and services group. Turnover exceeding £4bn from some 40 countries. Highly decentralised management structure including internal audit teams at product

 New position heading a small central team, providing independent support to the Group Finance Director and Main Board Audit Committee. A centre of functional excellence with a brief to improve the effectiveness of financial controls and play a lead role in establishing best internal audit practice throughout

 Responsibilities will include targetting and carrying out independent audits of individual businesses on a surprise basis, with the agreement of senior divisional management, and following up recommendations

made by product group internal auditors to ensure that they are implemented quickly and effectively.

TO £60,000 + SUBSTANTIAL BONUS POTENTIAL + BENEFITS

 Graduate Chartered Accountant who combines technical excellence with a particularly high degree of diplomacy and persuasiveness. Must have well developed presentation skills in order to command respect and sell ideas at the highest level within product groups. Resilience and self motivation will be important personal qualities.

 Candidates will be "Big 6" firm trained and will either be currently in the profession 2s senior managers or will have achieved success at a senior level in the internal audit functions of large corporates.

 This demanding position will offer exposure across the organisation and is likely to lead to promotion out of audit into one of the businesses in the medium term.

Please apply in writing quoting reference 816 with full career and salary details to: Whitehead Selection Limited 43 Welbeck Street, London W1M 7HF Tel: 071 637 8736



Executive Resourcing

Here of Incomilation

attractive Headquarters on the outsides of Macclesfield. This Swiss-owned Group is one of Britain's major manufacturers and distributors of products in the fields of healthcare, agriculture and industry, with a UK turnover of around £750m and employing some 4,800 people at business unit sites from Paisley and Grimsby in the North and East, to Horsham and Southampton in the South. Operations are very decentralised.

Reporting to the Chairman and Chief Executive, a major task of your small team is to reassure senior management that proper management controls and systems are in place and operating efficiently. Equally important, you will provide a consulting service that will support business units by identifying and recommending best practice and by carrying out specific projects. You will also be expected to participate in international Ciba audit teams.

The Ciba Group of companies in the United Kingdom have their Probably a graduate accountant, you will preferably have managed an Internal audit group within a major international business. Experienced, perceptive and commercially aware, you must possess a practical knowledge of modern control procedures and review techniques as well as well-developed communication and other inter-personal skills. This is a high profile role that should provide a springboard to a wide range

An excellent benefits package is available, including relocation

of senior financial positions within the organisation.

Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Peter Jones, Coopers & Lybrand Executive Resourcing Ltd. Abocus Court, 6 Minshull Street, Monchester M1 3ED, quoting reference P288 on both envelope and letter.



M4 Corridor

This new appointment presents an exciting opportunity to join a rapidly growing organisation whose main business is short term computer and video conferencing rentals. The company enjoys a premier position in various markets and has ambitious expansion plans which will be met by organic growth, particularly into Europe, as well as by acquisition.

A Finance Director is required who, as a member of the management team, will actively drive the growth of the business. As well as managing the day to day finance function, the Finance Director will be responsible for identifying, assessing and negotiating potential acquisitions and will also take a lead in their

To £50,000 + bonus + car

With significant experience of leading the acquisition process, you will be a chartered accountant with superior financial management skills gained in a plc. Experience of a distribution environment and familiarity with European financial practices are also important. A hands on approach, considerable business acumen and the stature to represent the company at the most senior level are all Please send a comprehensive CV, stating your current

remuneration package and quoting reference 3423 to Frances A. Bell, Touche Ross Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.



MANAGEMENT CONSULTANTS

A WORLD-BEATING BUSINESS WITHIN A WORLD-BEATING BUSINESS

Finance Manager

HEATHROW & GATWICK OPERATIONS

With annual revenues in excess of £500 million and around 3,000 staff, British Airways World Cargo is a significant business in its own right. With a mission to transform the air transport business, we are entering a period. JIT environment. Intellectually sound with a mental and physical of continuing development; tangible evidence of which is a £150 million investment in a state-of-the-art cargo handling facility at Heathrow.

To support this development, a new Finance Manager position has you will use the latest costing and evaluation techniques to assist management in the ongoing development of a productive, cost effective international operation. Your management style will be both consultative, involving the worktorce in delivering solutions to business users; as well as being capable of reaching tough business decisions through sound analysis and highly developed influencing skills.

Leading a small team of business analysts, you will be a graduate probably with CIMA qualifications and experience of a materials handling, resilience to cope with both a radically changing business environment and a 24 hour, 365 day a year business, you will also need to combine hands-on business acumen with ourstanding technical ability. Succeed, been created. Reporting to the Financial Controller - World Cargo, and the opportunities for personal and career development are, without

To apply, please write or fax with full CV and current remuneration details to our consultant Alan Birch, Macmillan Davies, Salisbury House, Bluecoats, Hertford, Herts SG14 1PU. Quoting reference:

Closing date for applications is 18th November 1994.

FINANCIAL MANAGEMENT SEARCH & SELECTION

PROJECT FINANCE MANAGER EUROPE

TO £50,000 + BENEFITS + BONUS

An international merchant bank with an extensive European Our client is a leading global investment banking group with an network seeks to strengthen its existing high-profile project finance team. The role will involve leading projects primarily related to the energy and utilities industries across Europe. managing projects in an industry or banking related environment. In addition you will have at least a working Italian, German or French). A professional qualification is trained within a Big 6 accountancy firm, have an excellent preferred, but not a prerequisite. Ref. 35690

**CORPORATE FINANCE EXECUTIVES** CITY

TO £38,000 + BENEFITS + BONUS

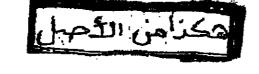
extensive international network of offices and an enviable The European Corporate Finance Division requires exceptional

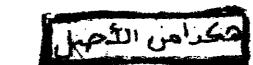
Probably aged 27 to 35 you will have experience of newly qualified chartered accountants to work on cross border transactions both in the UK and Continental Europe. Clients will include both multinational corporations and knowledge of a second European language (preferably large/medium-sized private companies. You will have

academic background and first time passes. Ref. 34879

For a confidential discussion please call Norrie Sindair on 071-405 4161 (fax: 071-430 1140) or evenings 071-454 9151 or write to him at FMS, Recruitment Consultants, 5 Bream's Buildings, Chancery Lane, London, EC4A 1DY.

A MEMBER OF THE PSD GROUP -





### **Director of Finance**

#### Cornwall Healthcare NHS Trust

c.£45,000 + Bonus + Car

St Austell

Demanding and rewarding challenge to lead customer focused finance function and contribute to corporate management of the Trust.

#### THE TRUST

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- Provides comprehensive range of community based services, including specialist mental health and care of the elderly, across the whole of Cornwall.
- Services provided through a devolved general management structure.
- ◆ Over 4000 employees. Revenue budget £60m.
- THE POSITION
- Overall financial leadership. Report to the Chief
- Ensure tight management and control of the finance function. Contribute to corporate policy and strategy.
- Provide support and assistance to Executive Board Directors and General Managers. QUALIFICATIONS
- Qualified accountant with extensive experience of formulating and implementing financial strategy in a complex organisation.
- Strong leader, excellent analytical ability and first class ommunication skills.
- Ideally, knowledge of NHS financial systems.

Please send full cv, stating salary, ref PN4481, to NBS, 54 Jermyn Street, London SW1Y 6LX



LONDON 071 493 6392 Aberdeen 0224 636080 \* Burningham 021 233 4656 Bristol 0272 291142 \* Eduburgh 031 220 2400 Glasgow 041 204 4334 \* Leeds 0532 453830 Mainthester 01:25 539453 • Sheech 0753 819227

### Financial Controller

### Leisure Division of Major Organisation

c.£35,000 + Car + Benefits

**North West** 

Key role in management of change within major division of profitable group.

#### THE COMPANY

- ◆ Leisure division of significant UK group. Household name. Profitable.
- Committed to expand into new market sectors. retaining emphasis on current strengths.
- Reputation for quality of employment and opportunities for personal development.
- THE POSITION
- Focus on overall financial control of business.
- Contribute to finance and IT strategy. Ensure efficient and timely production of management information, manage external relationships and liaise with Group Treasury. Report to Finance Director.
- Manage and motivate large team of people during time of change and development.
- QUALIFICATIONS
- Qualified accountant, blue chip experience, seeking increased responsibility. Strong awareness of up to date accounting systems and procedures.
- Committed professional, strong interpersonal and communication skills; resolute and persuasive
- management style, able to gain respect at all levels.

  Bright, personable and cheerful team player.

Please send full cv, stating salary, ref YN4369, to NBS, Prospect House, 32 Sovereign Street, Leeds LS1 4BJ



LEEDS 0532 45383C Aberdeen 0224 638080 \* Birmingham 021 233 4656 Bristol 0272 291142 \* Edinburgh 031 220 2403 Glasgow 041 204 4334 \* Loralon 071 493 6392 Manchester 0625 539953 \* Skuigh 0733 819227

### **DIRECTOR OF FINANCE**

**Buckinghamshire** £50K package

Amersham & Wycombe College is an independent further education Corporation with 8,500 students and 350 staff located across three main campuses in south Buckinghamshire. The College has been highly successful in diversifying its markets and the annual turnover is £12m having tripled over the past four years. A significant area of growth has been in the provision of contract education and training services for major customers including the Prisons Service and local TECs. Some of this activity is undertaken through the College's subsidiary trading company of which the Director of Finance is the Company Secretary.

The Director reports to the Chief Executive, provides reports for the Board of the Corporation, the Finance Committee and the Audit Committee and regularly attends the meetings of these three committees. Following a recent reorganisation, the Director is now responsible for the College's MIS which adds a significant dimension to the breadth of responsibilities of the post. The Corporation is seeking to appoint someone who can build upon and develop the excellent financial base which has been established since the College left the control of the County Council in April 1993.

Applicants must have a recognised accountancy qualification, (eg ACA, ACCA, CIMA etc) together with a range of experience some of which must have been gained in the private sector preferably within large organisations. The ability to manage the development and implementation of new computer based systems is an important feature of the post. The College is pursuing delegated budgetary control which requires nonfinancial managers to manage their budgets and the Director is required to provide leadership and support for this culture change. The Director must have a good knowledge of tax matters including VAT and covenant payments. The Director

ideally in the age range 30-40 and seeking a significant career advancement, the Director of Finance will play a major part in the further development of the College and in ensuring its sound financial future.

If you are interested in this challenging post, please send a brief letter of application together with a full CV to Tricia Leman, Director of Personnel. Amersham & Wycombe College, Stanley Hill. Amersham, Bucks HP7 9HN.

The closing date for expressions of interest is Friday 25 November 1994.

### High Profile Financial Planning

Our client is a leading UK pic whose £4 billion operations are well-established in 50 countries worldwide. The activities of the Group are diverse and include consumer products and service as Planning function within the Head Office has been identified. As a result two unique opportunities to

well as related and supporting areas of activity. The Group is well-placed to grow and develop actively participate in exciting commercial decisions have now arisen:

#### **Group Financial Planning Manager**

£50,000 plus Bonus, Options & Car

Reporting to the Group Financial Controller and managing a professional team, the responsibilities will include:

- Key monthly reporting on operating and financial performance.
- Provision of all aspects of short, medium and long-term planning as well as ongoing performance
- Collection and analysis of key (financial and non-financial) information required to run
- Developing a financial support and advisory function for Group and Divisional Senior Executives.

To perform this role you will be a Qualified Accountant with a strong track record of direct and proactive contribution to business via financial planning and analysis. You will have experience at Group and ideally, at operational level; almost certainly within a blue-chip environment . Previous fincg or related experience is ideal but not essential. Reference number WKW/6103/FT.

To discuss either of these positions further you should write to Karen Wilson at Hoggett Bowers, George V Place, 4 Thames Avenue, Windsor, Berkshire SL4 1QP, 0753-850 851, fax: 0753-853 339, enclosing a recent CV and a note of current salary, quoting the

### **Group Financial Analyst**

Up to £40,000 plus Bonus, Options & Car

- A senior member of the team reporting to the Group Planning Manager. Responsibilities will
- Full involvement in the monthly reporting activity as well as the forecasting, budgeting and longterm planning processes.
- Production of performance measures, profitability analysis and risk assessment. Supporting the Group Financial Planning Manager in a wide variety of ad hoc projects.
- Also a Qualified Accountant you will have a strong financial planning and analysis background
- within a large blue-chip organisation either within industry or the banking sector. Strong interpersonal and relationship building skills as well as the ability to communicate credibly

at all levels are essential to both roles. All candidates should be commercially and operationally orientated with the ability to take on a more strategic and wide perspective. Reference number: WKW/6100/FT

Key appointment in major Blue Chip Company

CENTRAL LONDON

to £38,000

+ Benefits

+ Car

An outstanding opportunity has arisen for an ambitious and highly commercial finance professional to join one of Britain's leading companies. With an annual turnover in excess of £10 billion and operations throughout the world, the company is well placed to meet the global challenges of the future.

Working as part of a small, highly visible team, and liaising closely with corporate and operational senior management, your brief will be to provide detailed analytical information on financial planning, reporting and control issues. Specifically your time will be spent on preparation of Group budgets, five year plans, Group management accounts and ad hoc projects of major strategic importance.

Czech Republic

The successful candidate will therefore require the following key attributes

Qualified graduate ACA with 1-4 years P.O.E. gained either within a top six firm or industry.

Turkey

- Strong analytical skills combined with exposure to ad hoc project work and group consolidations. Intellectually robust with outstanding inter-personal skills.
- Ability to make an impact in a fast-moving change oriented culture. We are interested in talking to candidates who can display records of consistently high achievement and who are comfortable working alongside senior

Belgam

decision makers. Energy, creativity and flexibility are all qualities which will enable you to take advantage of career opportunities within the company either

Poland

Interested applicants should write in confidence, stating current remuneration, to Andrew Livesey, quoting reference number 2099, at Nicholson International, [Search and Selection Consultants] Bracton House, 34-36 High Holborn. London, WCIV 6AS. Alternatively fax your details on 071 404 8128. Our client is an equal opportunities employer.

Germany

NICHOLSON INTERNATIONAL Australia

### COMMERCIAL FINANCE DIRECTOR

Commercial ACA, (mid 30e), Retail/Service industry background, FD of both small (12m) and large (£300m) companies seeks contract work in the London or Thames Valley areas. Strengths include: System design, development and impleme

- Staff motivation and management Efficiency programme management Problem solving
- - For further details ring or fax: 0734 341567

From computer audit/consultancy to a major international group

IT AUDIT **MANAGER** 

London

Our client, Pearson plc, is the parent company of a worldwide media group whose principal operations are in the fields of book and newspaper publishing, entertainment, television and investment banking. The group will continue to grow both organically and through acquisition, which may be international. The IT Audit Manager will work as a member of a

italy

Holland

Spain

small professional team responsible for the audit of the group's activities outside North America. Providing constructive and commercial advice on IT, financial, operational and business systems and controls to both group and subsidiary management, he or she will carry out all aspects of assignments. Ad hoc projects might include IT strategy studies and acquisition reviews. The internal audit function is highly regarded and has established a track record of promotion to senior line management positions in

Applicants should be graduate chartered accountants. In depth experience gained in either computer audit or systems consultancy is essential and ideally should include significant exposure to pc networks and mid-range based systems.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/119/F.

Manager – Special Projects

Outstanding Accountant

Recently Floated Рlс

Warwickshire

£50-£60,000 + Bens + Relocation



City support. Following the acquisition of a major competitor, the company is ideally positioned to make further inroads into its fragmented and competitive market sector. This will primarily be facilitated through an aggressive acquisition strategy coupled with a well defined sales and marketing formula. The dynamic executive team has created an environment that emphasises tight management controls and entrepreneurial flair.

To achieve the ambitious level of growth desired it is essential to recruit an outstanding Manager - Special Projects. This is a key appointment where the emphasis will be on contributing significantly to the growth and value of the business. The focus will be on developing a group wide rationalisation programme and installing ent systems and controls

The required candidate will be a task orientated and proactive qualified accountant (aged 32-40), with an outstanding record of success. Relevant experience will have ideally been gained in a multi-site distribution organisation. A background of implementing systems and managing teams in a rapidly changing environment is strongly

The rewards include an attractive basic salary, performance related bonus, share options and relocation package if appropriate. Most importantly this position provides the opportunity to join an ambitious group in its initial stages of growth and to achieve main board status within a short period of time.

Interested applicants should write, in the strictest confidence to Robert Walker or Brian Hamill, forwarding a curriculum vitae to our London office quoting RW 1451.

WALKER HAMILL

103-105 Jermyn Street, St James's,

London SW1Y 6EE

Tel: 0171 839 4444 Fax: 0171 839 5857

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### Head of Financial Planning

Providing service excellence through technology and people

#### Midlands

Our client is currently spearheading the development of an innovative and exciting financial services operation which will create new standards for the industry. They operate in the personal sector market place and their success is based on a genuine commitment to quality, together with state-of-the-art technology, ensuring that they fulfil customers' requirements and expectations.

Reporting to their Finance Director, this new position will provide a focal point for strategic business planning issues within this young and dynamic organisation. Key tasks will include:

- helping to develop and implement their financial business plans;
- devising and delivering a comprehensive MIS network which is able to cope with a rapidly expanding customer
- working proactively with internal management to provide an expert financial modelling service which meets their evolving requirements and aids commercial performance;
- acting as a catalyst to promote new financial initiatives throughout the

Please send a full CV in confidence to GKRS at the address below, quoting reference number 123B on both letter and envelope, and including details of current

opportunity to gain further career development.

Candidates will be graduates and qualified accountants (preferably ACA), likely to be aged in their late 20s to early 30s. Experience of working outside the profession is essential and ideally this should have been gained in a

Energy, enthusiasm and first rate inter-personal skills are vital. You must be able to demonstrate a capacity for forward thinking and the ability to manage change

This is an exciting opportunity to join a customer focused company, whose growth potential is almost limitless. They have the brand name and full support of one of the world's largest financial institutions. For the right individual this position will represent an irresistible opportunity to prin further capacity designs.

evaluating and selecting IT systems would be an

c. £40,000 + Benefits + Car

I WATERLOO STREET, BIRMINGHAM B2 5PG, Tel: 021 633 4844, FAX: 021 633 3744 A GKR Group Company

### Finance Director

### Specialised Manufactured Products

c. £40,000 + Bonus + Car

North West who have a proven background operating at a senior level within a manufacturing environment This is an exciting opportunity to join a well established business operating in a range of international markets, which is a strategically A thorough understanding of financial modelling techniques and PC systems is essential: important part of a quoted engineering plc.

The position will form part of a dynamic management Excellent personal presence, drive and good team which is committed to the growth and evolution analytical skills are important requirements. The successful candidate will enjoy initiating change, of this multi-sited operation. The role will be located in adopting a hands-on management style, and their business unit in the North West. interfacing with all aspects of the company's Key tasks will include:

> This is a growing organisation which can offer firstclass prospects for career development, including the possibility of a move into general management.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 125B on both letter and envelope, and including details of

accountants, preferably with a degree. SEARCH & SELECTION

1 Winterloo Street, Bermingham B2 5PG, Tel: 021 633 4844, Fax: 021 633 3744 A GKR Group Company

### Group Finance Director

Plc main board appointment

#### Yorkshire

An innovative and ambitious market leader, our client has a growing international reputation in its specialist field of business services. As a direct result of continued growth and plans for further development of worldwide operations, there is an immediate requirement to appoint a Group Finance Director to the main board.

Reporting to the Group Managing Director, the successful candidate will take responsibility for all finance and corporate reporting malters for the group and its subsidiary companies. As a member of the 'Top Team', the person appointed will also be expected to make a significant contribution to the future strategy and direction of the

#### Key tasks will be to:

- define financial reporting requirements for subsidiary companies and provide appropriate management information to the senior management team to aid future
- manage all aspects of treasury, cash management and company secretarial

c. £65,000 + Executive Benefits

· handle external relationships with investors, bankers, institutions and auditors.

Candidates, aged 30-15, should be graduates with a chartered accountancy qualification and possess experience with an industrial or service sector company. A background in a public company, as a Divisional Finance Director or in a central role as Financial Controller, would be a definite advantage. The ability to operate effectively in a customer-focused and market-led business environment is essential. The person appointed should be able to demonstrate first class communication skills and a high level of commercial awareness, combined with the ability to influence and negotiate at all levels.

The remuneration package reflects the importance of this critical appointment and will include a company car, a first class group pension and executive share option scheme. Please send a full CV in confidence to GKRS at the address

below, quoting reference number 94373N on both letter and envelope, and including details of current remuneration.

GKRS

**SEARCH & SELECTION** 

PARK HOUSE, 6 KILLINGBECK DRIVE, YORK ROAD, LEEDS LS14 6UF TEL: 0532 484848.

A GKR Group Company



implementing strong financial controls;

embracing an environment of change;

manutacturing/linanciai information system

Candidates will be qualified

selecting and installing a fully integrated

making a significant contribution to the business;





### CHIEF FINANCIAL OFFICER

#### Executive Package and Expatriate Benefits

Coca-Cola Amatil, is a global leader in the manufacture, marketing and distribution of a portfolio of premier branded carbonated soft drinks, mineral waters and other non alcoholic beverages. The Company's position has been further strengthened by an agressive and successful expansion programme across Central and Eastern Europe typified by ourstanding increases in sales, performance and profitability in the Czech Republic.

The success of Coca-Cola Amatil Czecii Republic, the local franchise holder for Coca-Cola branded products, is underpinned by substantial investment in new manufacturing and distribution facilities, creative marketing and forward thinking management. Further growth is anticipated and the selection of a new Chief Financial Officer is seen as a key appointment for the business.

Reporting to the General Manager, the position will assume executive responsibility for directing the company's commercial strategies and growth orientated investment programs as well as overseeing 60 staff in Finance, Administration and Information Systems functions. As part of the Executive Management team in the Czech Republic the CFO will also be a key participant in the management of the Global business.

A Qualified MBA. Accountant, the successful candidate will demonstrate a proven track record in an international business environment, ideally Eastern Europe, where you will have developed strong leadership and management skills and a strategic approach. A connection with the Czech Republic will be a distinct advantage. It is expected that you will have fully-developed Czech language skills.



Interested candidates should contact our advising consultant Kean August, in strictest confidence, at FSS Europe, Charlotte House, 14 Windsmill Street, London W1P 2DY, UK. Tel No: (44) 71 209 1000 (days) or (44) 71 385 3886 (eves) Fax No: (44) 71 209 0001.

### FSS EUROPE

### Growing to excellence

Procter & Gamble, with home offices in Cincinnati, Ohio (U.S.), is one of the world's leading consumer goods manufacturers with over 250 different brand and product variations which are sold in over 150 countries and with approximately 97,000 employees around the world. Strong business growth in Europe, as well as increasing complexity and challenges in our operations, have created opportunities for extra (mff)

### European Tax Managers

As members of the European Tax Group and located either at the European Headquarters near Brussels or in one of our major European operating companies (e.g. in The United Kingdom, Germany, Italy, Spain, France, Switzerland), the successful applicants will be expected to: Provide tax advice and support to the European operating companies' management.
 Establish clear, consistent and sustainable tax strategies for all facets of the business. Assist in cross-border and local corporate tax planning, as well as compliance for the local corporate entities.

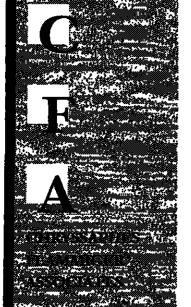
to contribute effectively to the overall management of the business are essential pre-requisites. Experience in international tax or in managing or advising Belgian Coordination Centers would be an advantage. The above assignments would ideally suit a qualified University Graduate who has gained 3 to 5 years of corporate tax experience within an industrial

Proven technical ability, strong communication skills, business orientation with an ability to put tax planning in its context, and the desire and potential

environment or a professional office. Prospects for the successful applicants include the possibility of senior tax roles in operating companies, in the European Headquarters or in the International Divisions. Interested applicants should contact either by phone or by letter Mr J. Hermans or Mr W. De Paepe, Recruiting Office,

### Procter&Gamble

# Temselaan 100 - 1853 Strombeek-Bever - Belgium - Tel. 32/2/456 21 11



Development/Venture Capital - Major European Player

### **Fund Accounting & Reporting**

Ideally Mid/Late 30s flex c.\$40/45,000 + Bonus + Car Central London

Our Client is a recognised leader in the European Management Buy-Out/Venture Capital arena and, as an independent player, operates through six offices across the Contineral It currently manages equity investments in over 70 European businesses and, since inception in the early 1980s, has been involved in over 150 investments, with an aggregate value of several billion pounds; which have included some of the largest MBO/MBI

Major growth and expansion plans, involving the raising of new equity lunds to be under its management, has created the need for a Fund. Accounting and Reporting Manager to join its small overall team of knyestment professionals and administrative support staff of some 30 people.

In this new appointment, you will report to the Group Finance and Administration Director. Your main involvement will primarily focus upon accounting, external Investor reporting, and administrative activities required for the new funds under management, in particular, you will be

responsible for the preparation of reports to investors, investor capital accounts, statutory accounts, funding co-ordination and liaison with thirdparty fund administrators. Additionally, you will act as a further central overall resource within the Group Finance and Administration Director's

ideally, you will be a qualified accountant, with previous experience of fund management accounting/reporting, which could have been gained elther within an appropriate linancial institution or, alternatively, from relevant client exposure within the accountancy protession. You must be PC literate, a team player with a high level of self-motivation, pragmatic. and flexible in attitude, with a "shirtsleeves" approach.

You should write enclosing a resume together with currentresumeration details and daytime/ovening telephone contact tumbers, queting Reference 411/8 on both envelope and letter, to the address below:

Chryssaphes Flammiger Associates, Bechtel House, 245 Hammersmith Read, London W6 80P.

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone: Philip Wrigley on +44 71 873 3351

#### FINANCIAL CONTROLLER

(Europe/Middle East/Africa)

Chemicals Sector

**Based Brussels** 

The ISK Group of Companies is one of Japan's leading international chemicals producers with current revenues of US\$1bm. Its Europe/Middle East/Africa business comprises chemical and agrachemical interests and is growing rapidly through the introduction of new and innovative products. To respond to this growth, particularly in continental Europe, the company is centring its European Headquarters in Brussels.

The important role of Financial Controller will take full responsibility for the financial management, data processing, insurance and legal aspects of the Europe/Middle East/Africa business. This will involve providing a full range of financial/management accounting and related services, working through a team of some 6 qualified and part qualified staff and liaising with finance colleagues in Japan and the USA. To qualify for consideration, candidates must be qualified (Expert Comptable) accountants in the 35 - 45 age range with at least 10 years commercial/industrial accounting experience in a multi-national organisation. Competent in foreign currency transactions, they will have a detailed knowledge of Belgion accounting procedures. US GAAP and ideally Japanese reporting systems. A high level of computer literacy and fluency in French, English and preferably one other major European language is imperative. Experience of the mativation and development of a small accounting team and the achievement of results through team work is seen as essential.

To apply for this challenging position please forward your C.V. in English with indication of current salary to: S. Nicholson Associates, 246 Avenue de Tervaren, Boite 10, 1150 Brussels, Belgium.

**ISK**BIOSCIENCEST

3i is the leading specialist investor in unquoted businesses in the UK. We provide equity and loan capital to support small and medium sized businesses in all sectors of the economy, encouraging wealth creation and business growth. We have recently achieved a listing on the London Stock Exchange and become a member of the FT-SE 100. As one of the country's foremost lending investors in independent business, we naturally adopt progressive and professional practices -

particularly when monitoring our own operation We are now looking for a conscientious and effective Internal Auditor to join our Audit team in Waterloo, to provide support on financial and operational processes to ensure we meet required standards and statutory regulations. A certain amount of travel will be involved.

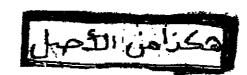


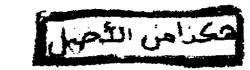
INVESTORS INDUSTRY

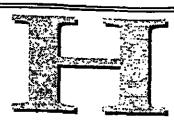
You will be a Chartered Accountant with up to 2 years' post qualification experience. Knowledge of the financial services sector would be an advantage, as would a working knowledge of French or German. It is essential that you are computer-literate. You will also possess a high level of inter-personal and organisational skills, and have the ability to deal with sensitive matters in a confident and professional manner. In addition to a competitive salary the package includes a

company car and financial sector bene-

If you are interested in applying, please forward your CV and a covering letter to Miss Ginny Kelly, Human Resources Department, Si plc, Trinity Park, Bickenhill, Birmingham B37 7ES.







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NANCIAL

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### ead of Financial Planning & Analysis

#### South East

to £45,000 + Car + Banking Benefits

Abbey National is the fourth largest financial services group in the British banking sector, with businesses which include life assurance and treasury services.

A career development move has created an attractive opportunity for an energetic accountant or MBA to take on this high profile position which reports to the Group Financial

Heading a young, professional team, your responsibilities will include balance sheet and margin analysis, loan loss provisioning and the financial evaluation of projects and acquisitions. Financial analysis of the company's monthly results will be an important aspect of the role, together with the provision of financial advice to senior management.

Intellectually agile, you will have good academic qualifications allied to exceptionally strong analytical, managerial and communicative skills. A proactive approach is called for, together with a positive attitude to change and the confidence to push forward the limits of your own responsibilities.

Proven experience of financial analysis and modelling gained within a blue-chip company or major accounting practice is essential, together with the ability to work equally effectively on both managerial and hands-on tasks. A background in banking and knowledge of treasury instruments would be

As a key member of the management team, you will enjoy a full range of benefits including car and mortgage subsidy. To support a healthy work environment, Abbey National has a no

Interested applicants should forward their CVs to the Personnel Department, Abbey National Plc, Abbey House, Baker Street, London NW6 6XL, Tel: 071-612 4443 or 071-612 4454. In pursuing our policy of equality of opportunity for all, Abbey National positively welcomes applications from every section of the community.



Promoting Success Through Equality

### Financial Director

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#### West Midlands

Our client is a highly successful and profitable division of a well known UK plc, engaged in the construction and housebuilding industry. A combined strategy of astute financial control and market leading product quality has enabled the company to enhance it's market advantage through the 1990's, despite far from favourable trading conditions. With a strong balance sheet and minimal gearings, the company is poised for further significant growth.

In order to strengthen its financial and commercial expertise, the company is seeking to appoint an ambitious, qualified accountant with strong technical. analytical and communication skills. Reporting to the Divisional Managing Director, with a strong dottedline to the Group Financial Controller, responsibility will encompass the overall management of the finance department, including all group reporting requirements, divisional management accounting. budgets, forecasts and systems development. The Financial Director will also command significant

influence across the business in providing

input on all commercial policy decisions, in

to £40,000 + Car + Bens

addition to cost management and profit improvement initiatives. The position will work closely with divisional and Head Office management reams.

Prospective candidates must be qualified accountants (aged 30-45), with experience of managing a sizeable finance function. Whilst not essential, experience in the housebuilding or construction industry would be of particular interest. Above all, candidates must be able to demonstrate energy and commitment and the intellectual ability to contribute to strategic decision making.

Of equal importance are personal qualities, including strong interpersonal and organisational abilities and the skills of diplomacy, toot and judgement neccesary to operate effectively in a demanding commercial

Interested candidates should apply in writing, quoting reference 209513, enclosing a full CV (including a daytime telephone number and details of present remuneration) to William Greenwell at

Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD.

and the state of the 

Michael Page Finance

### **Financial Director** Operations

#### West Midlands

Since its establishment in 1980, our client has become a dominant force in the highly competitive retail market. Accelerated organic growth has been achieved through high quality service, astate merchandising and competitive pricing. Current turnover is in order of £500m and is generated from some 700 stores nationwide. A highly cashgenerative business, the company is committed to a strategy of organic and acquisition-led growth to further extend its

An opportunity has arisen for an outstanding finance professional to play a significant role in assisting the company to achieve its objectives. Reporting to the Group Financial Director, the role will encompass full functional responsibility for a sizable finance function, with particular phasis on systems development. Operating in a highly cost and margin-sensitive market-place, the position will also be responsible for managing and

c £35,000 + Car + Bens

analysing the performance of the business, with the key focus on tight cost control and overall operational efficiency.

This is a 'hands-on' and highly influential role and will be of particular appeal to those seeking their first Financial Directorship. Prospective candidates will be qualified accountants, able to demonstrate extensive financial management expertise in a fast-moving, volume-transaction commercial business. The successful candidate will most likely have worked in a multi-site environment and whilst not essential, experience in a remit business would be of particular interest.

Interested candidates should apply in writing, quoting reference 209638, enclosing a full CV (including a daytime telephone number and details of present remuneration) to William Greenwell at Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD.

Michael Page Finance Specialists in Financial Recruitment London Bristol Windsor St Albans Leatherhead Biran



### **PIA Supervision**

### Review Team Member

The Securities and Investments Board's wide ranging responsibilities as lead regulator under the Financial Services Act include overseeing the activities of the Personal Investment Authority - the newly formed main regulator for the marketing of retail investment products and services to the general public.

SIB has a new supervision department dedicated to ensuring that PIA delivers high standards of investor protection and regulation. SIB now wishes to appoint a member for the review team within this department. Reporting to the team manager, responsibilities will include:

- critical review of regulatory procedures and activities across the breadth of PIA:
- on-site assessment of PIA's monitoring and enforcement activities, including participation in visits to member firms: contribution to the development both of policies and procedures for review and of standards for cost effective

This review unit complements and informs a supervision unit which assesses PIA's management plans, performance against plans and the aptness and

adequacy of its policies and resources for fulfilling its regulatory functions. An important part of the job holder's responsibilities will concern PIA's monitoring of financial resources, custody of client assets and portfolio management.

> Applicants should be at least of graduate calibre, with an accounting qualification. They should have experience of or familiarity with some of the following areas:

- audit or consultancy work in the financial services sector; FSA complance in retail financial services (whether in the industry or in regulation);
- investigation of financial impropriety; private customer portfolio manage

personality with sound judgement.

An aptitude for critical analysis is essential, as are good communication skills, both written and oral, and a mature

Interested applicants should in the first instance contact Sue Lintern at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH, quoting

reference 208965. Telephone 071 831 2000. Closing Date 28th November 1994.

Michael Page City International Recruitment Consultants

#### Chance für Finanzprofi in internationaler High-Tech-Gruppe

Unser Mandant ist eine namhafte internationale Elektronik-Gruppe, deren Produkte weltweit vertrieben werden. Die deutsche Vertriebsgesellschaft im Rhein-Main-Gebiet erwirtschafter mit ca. 60 Mitarbeitern einen Umsatz von ca. 180 Mio. DM. An diesem Standurt ist nun folgende Position neu zu besetzen:

### Finance Director

#### Anforderungsprofile

- Alter ab ca. 30 Jahre
- sehr gute betriebswirtschaftliche Ausbildung (Universität + Chartered Accountant)
- mehrjährige Erfahrung in kaufmännischer
- Gesamtverantwortung fließende Deutschkenntnisse
- sehr gures Kommunikationsvermögen und die Fihigkeit, Mitarbeiter zu motivieren unternehmerische, selbständige Arbeitsweise

- verantwortlich f
  ür alle Finanz-/Rechnungswesen-/ Treasury-Aktivitäten
- Erstellung von Monats- und Jahresabschlüssen nach deutschem und englischem Recht
- verantwortlich f
   ür alle Controlling-Aufgaben (inkl.)
- Budgeting, Forecasting, Erstellung von Abweichungs-
- analysen sowie Berichtswesen an das Hendquarter in UK) Kontaktpflege zu Wirtschaftsprüfern, Banken und

Die Position ist dem Geschäftsführer direkt unterstellt und hat eine funktionale Berichtslune nach England. Wir suchen in erster Linie Kontakt zu Kandidaten mit englischer Muttersprache und einer sehr international orientierten Personlichkeit. Wenn Sie es gewohnt sind, auch "hands-on" zu arbeiten, und Sie in diesem dynamischen Umfeld die Fortsetzung Ihrer Entwicklung schen, würden wir Sie gerne kennenlernen. Für einen ersten vertraulichen Kontakt steht Ihnen Frau Susanne Scherp unter Telefon +211 32 44 55 gerne zur Verfügung.

Ihre aussagefähigen Bewerbungsunterlagen senden Sie hitte unter Angabe der Referenz SCH/324 an



Michael Page International

Michael Page Deutschland GmbH Steinstrasse 13. 40212 Düsseldorf,

### Financial Planning Manager c £30,000 + Car

#### West Midlands

Our client is an £80m operating division of a major International engineering group. The Group operates an aftermarket, sales and distribution business for all the Organisation's manufacturing businesses. A high calibre individual is sought to continue the development of the financial and business systems. The scope of the role will include:

- Production of monthly management accounts, cash and profit forecasts, preparation of annual budgets and three year plans.
- Close harson with other Group businesses both in

the UK and Overseas. Suitable candidates for this tole will be highly self-motivated and able to meet the challenge

and the demands of a rapidly changing environment. With at least two years post qualification experience as a minimum, you will consider yourself a strong man-manager, able to motivate a team and to operate effectively at all levels within the Organisation. Further advancement within the Group is likely to be available to the right individual.

Interested candidates should apply in writing,

quoting reference 210444, enclosing a full CV (including a daytime telephone number and details of present remuneration) to Adam Leon at Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD.

Michael Page Finance

### RACING GREEN

### **ACCOUNTS MANAGER**

Competitive Salary Package Based London N1

Racing Green are looking for a qualified Accounts Manager with a background in the Retail/Mail Order Sector. Reporting to Financial Controller, main duties include:-

- day to day running of the Accounts department
- Preparation of management accounts
- assist in setting of budgets
- · half year and full statutory reporting liaison with commercial management

Suitable candidates should be able to demonstrate relevant experience, good communication and interpersonal skills, strong motivation and the ability to work both on their own and as part of a team

Please write, enclosing CV, to Amanda Cains, Personnel & Training Manager, P O Box 100, Morley, Leeds, LS27 0XB

GLOBAL CONSOLIDATION ACCOUNTANT Beiglium Base. Prepare consolidated financial accounts. Knowledge of US GAAP. Micro Control and Spreadsheet Software Reports to top menagement. Hi vegitality. To SST,000 U.S. C.V to Recruitor 15445 Ventura Bivd., #3, Box 165, Sherman Osis. CA 91403. USA, prone 818-981-2616 or FAX 818-981-6505

#### **APPOINTMENTS** WANTED

EXPERIENCE, TENACITY ENERGY ommercially astute Financial Execute with international experience and 20 eleground in Financial Services IT and Consulting. Lateral thinking change agent. Available to take on challenging new assignments Box No. A2192, Financial Time , One Southwark Bridge, London SE1 9111.

Business Consultant, MBA 10 указа едрегіське ін A E/Europe experience. Systems/PC Interate Seeking PC/FD position in company start-of or small growing company (T/O E<sup>5</sup>11). Willing to relocate.

Please Write Blus, A2194 in Times, One Sombwark Bridge London SF1 911.

this ideal opportunity for a commercially orientated Accountant **COMMERCIAL** seeking career development beyond routine accounting and score keeping. Managing a key business function you will find ample scope to utilise in full your analytical, business, and negotiating **ACCOUNTING** skills within a truly European trading environment. Some overseas travel will be involved.

The emphasis of the role will be in support of commercial strategy particularly in the areas of product profitability and pricing, and business development initiatives. Ideal candidates will be qualified Accountants with 3 to 4 years post qualification experience within volume manufacturing industry, a sound knowledge of standard costing techniques, and the high level of personal drive needed for this demanding front line management position. A negotiable package is available to attract candidates of the required calibre.

A significant UK Division of a major International Group provides

Please reply in writing with full details of age, experience, qualifications and remuneration, quoting reference number 1101 to Paul J Blake at Crescent Management Selection, 9 Upper King Street, Leicester, LE1 6XF.

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CRESCENT

Management Selection

**MANAGER** 

East Midlands

Manufacturing

Package c£30,000

Х

### Financial Services Major - Broad Commercial Role

### **Finance Director**

Mid/Late 30s (Ideal)

Hampsbire

c. £60.000 + Bonus + Car

You are likely to be a graduate gualdied accitimant, with previous

business, ideally financial services. You will be a learn player capable of

running your own show within an empowered malagement environment

with the necessary strong leadership, man-management abilities

Our Client is a rapidly expanding subsidiary of one of the UK's foremost 'quality' financial services groups, and recognised as the innovative market

As a result of the promotion of its present Finance Director to another key role within the overall Group, a highly commercial individual is sought to join the Company's dynamic management team, having the necessary qualities to guide the organisation forward through its next stage of anticioated rapid growth.

As one of three executives reporting to the Managing Director, your responsibilities will be wide ranging and, in addition to the Finance function, through respective managers and a total staffing of around 100, you will also be in charge of IT, Legal, Office Services and Business Process Improvement. Quite apart from ensuring the integrity of business plans, systems and controls, you will play a particularly key role in further developing and delivering IT strategy, a vital ingredient in successfully driving the business forward.

communication skills and personal impact. In particular, you will need to be highly IT literate, familiar with developments within the world of applications In addition to a first-class benefits package, comprehensive relocation assistance is available if appropriate. Our Client is an equal opportunities employer and is happy to consider applications from registered disables

You should write enclosing a resume together with current remuneration details and daytime/evening telephone contact numbers, quoting Reference 411/A on both envelope and letter,

Chryssaphes Flammiger Associates, Backtel House, 245 Hammersmith Road, London W6 8DP

### **Financial Director**

M 11 CORRIDOR

£40,000 + CAR + BONUS + OTHER BENEFITS

#### THE COMPANY

■ Profitable manufacturer of high quality branded products.

■ Turnover in excess of £20m. ■ Part of major international pic with strong reputation for financial controls.

■ To assist the MD in improving profitability and controlling capital

#### employed, with board involvement in commercial strategy. ■ Responsible for accounting and MIS functions.

■ Qualified accountant, aged over 32 with manufacturing experience and comfortable with sophisticated management information and reporting

■ Proven hands on style, man manager and team player. ■ Good interpersonal skills, commitment and commercial acumen. ■ Excellent career prospects within this UK based group.

Please write enclosing full curriculum vitae quoting ref: 160 to: Nigel Hopkins FCA, London House, 53-54 Haymarket, London SW1Y 4RP Tel: 071 839 4572 Fax: 071 925 2336



Rugby

c£35,000

+ car

### FINANCE DIRECTOR

The Outward Bound Trust has been a registered charity since 1946 and has a proud 50 year record of providing the very highest quality and range of outdoor personal development courses in the UK. Thousands of people of all ages and backgrounds benefit from an Outward Bound experience each year.

Annual expenditure of £4m must be met primarily from course fees, which in turn demands effective marketing and the astute use of resources.

Reporting to the Trust Director and based at the Rugby administrative office, you will not only head up the finance function but you will also have responsibility for IT, commercial administration, and premises management of the 4 national centres located in NW Scotland, the Lake District and mid-Wales.

A qualified accountant, you will be an experienced financial manager administrator who consistently delivers practical solutions to business problems. You will also be a strong contributor who feels comfortable in a high profile role. Excellent interpersonal skills and a good attitude to positive change are more important than age or sector background.

Please write, in confidence, with full CV and salary details to Graham Campbell, MSL International Limited, 32 Aybrook Street, London W1M 3JL. Please quote reference no. 34207.



### Major Media Group

City

#### Lighly negotiable + benefits

Access 1 15

Our client is a prominent, progressive UK plc which occupies a dominant position in publishing and other media. Recognising the importance of management information in enabling it to drive forward its operations with maximum efficiency, the Group is introducing key performance measures throughout the business. Attention has recently locused on the production department, where current changes include the introduction of new costing systems and strengthening of local financial support.

The magnitude of the project has created the need for an 'internal consultant' who will act as a focal point and provide the link between senior production personnel, the finance department and external consultants. The ability to facilitate fruitful collaboration between these parties will be a critical success factor. Upon completion of the production project, your skills will be deployed in other functional areas of the business requiring the introduction of performance measures.

You must be a 'Big Six' trained graduate ACA, aged late 20's - early 30's, who has subsequently spent at least 2 years in the consultancy division of a major firm. Media knowledge and familiarity with production costing systems, though useful, are less important than experience of developing performance measures, a thorough understanding of IT systems and project management skills. Success in this pressurised, highly visible role will undoubtedly lead to other opportunities within the Group.

Please write, in confidence, enclosing full career and salary details, to Tim Knight, quoting reference TCK/1011.



### Al-futtaim

Al-Futtaim Motors, a subsidiary of a major International Trading Group, is the sole distributor for Toyota and Hino In the United Arab Emirates. It successfully exploits a comprehensive and state-of-the-art retailing network of sales, service workshops and parts distribution centres, as well as a major Tyres, Batteries and Accessories operation.

#### General Manager – Finance, Dubai

The General Manager - Finance reports to the Managing Director and ensures the structuring and maintenance of the Company's complete financial reporting system and provides relevant and timely financial information to the Board. The selected candidate will have experience in Treasury/Forex operations and development of computerised systems, and play a pro-active and strategic role as a member Secretary of the Board.

Candidates should hold an appropriate professional qualification (ACA, MBA), with in-depth experience in computerised management accounting, ideally in a trading organisation. A natural disposition towards team working and strategic thinking, a strong intellect

and commercial focus are essential. Progress into a generalist career is possible.

The package includes tax-free salary, bonus, end-of-service gratuity, free furnished villa, company car and first class annual leave passage.

Dubai is a very cosmopolitan city in the Gulf and offers a wide range of leisure and sporting activities with the opportunity for a married partner to take up employment.

If you believe this exciting opportunity matches your career aspirations, please call 0971-4-2034096 or fax your detailed CV to 0971-4-212933, to:

Onno Boers, Group Director - Personnel and Administration, Al-Futtalm Group, P.O.Box 152, Dubai, United Arab Emirates

### GROUP FINANCE DIRECTOR

#### North West c£100,000 package

This is a main board position within a long established and well known privately owned group with a turnover in the region of £60m. Despite difficult trading conditions through the recession, they have maintained their position as a key player in their sector and are well placed to take advantage of the economic upturn and increasing business confidence.

The group now seeks to put in place a strategy of focusing on core businesses to ensure their future profitability and growth. This period of change offers a unique challenge and career opening to a Finance Director with a hard-nosed attitude to business and cost control.

Reporting to and working closely with the Group Chief Executive you will determine strategies, review options, model business plans and seek innovative solutions to complex operational issues. Considerable emphasis is also

relationships with financial institutions, key customers and Relevant candidates will be qualified accountants ideally

with experience in the construction, civil engineering or contracting industry. Your track record must demonstrate success and achievement in your career to date with at least five years experience of operating at board level within a commercial entrepreneurial environment. Your personal qualities must include first class communication skills, a high degree of commercial awareness, ability to build relationships and professional confidence/credibility both within the group and with external sources.

The remuneration/benefits package reflects the importance of the appointment and will not prove a bar in the final selection process. The package includes basic salary, placed on managing and developing successful working performance related bonus, company car and pension scheme.



Please reply providing a detailed curriculum vitae, including current salary details and daytime telephone number to Mary Byrne at Stark Brooks Associates, Suite 4, 2nd Floor, St James's Buildings, Oxford Street, Manchester M1 6FQ, no later than Monday, 21st November 1994.

FINANCE MANAGER

#### Leading US Healthcare Corporation c.£35,000 + car

Our client is a leading American healtricare and pharmaceutical comporation with a worldwide \$multi billion turnover. One of its UK subsidiaries is a \$30m turnover sales, marketing distribution operation · specialising in the field of implantable orthopaedics. This UK subsidiary has a long established presence in its market and is very highly regarded for its qualitative products and service levels.

London

Following a recent restructuring of the finance function the General Manager is seeking to appoint a Finance Manager with a strong emphasis on a commercial contribution to the business. Reporting to the General 🔌 🔉 Manager, the role is very much

focused on commercial analysis, interpretation, guidance and action with a wideranging brief aimed at profit improvement and effective business growth.

The successful candidate will be a graduate qualified accountant aged 27-33 with experience in a denianding, fast-moving environment. The ability to presuade and influence will be key factors in your success. To apply please write with a full cv.

quoting ref. no. 2089/FPto Wayne Thomas, Wheale Phomas Hodgins Pic, Executive Resourcing, 13 Benketoy Square, Clifton. Bristof BS8 194Ga.

### Financial Director Designate

South Coast Package to c.£40,000 + car

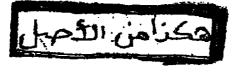
Our client is an established, privately owned, automotive component manufacturer. Its impressive customer base includes a large number of blue chip clients and the company exports its products throughout Europe and the Middle East. Founded over 100 years ago, the company has a well deserved reputation for innovation, quality and customer service. With current sales volumes standing at £6m p.a. and an enviable profit return, the organisation is well placed to achieve its strategic objective of turnover in excess of £10m p.a. by the end of 1996.

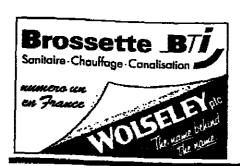
The company now seeks a graduate calibre, qualified accountant to take responsibility for the finance and administration function. Key responsibilities will include compilation of financial and statutory information; definition of existing financial systems and controls; development of management information systems to reflect the future needs of the business; provision of detailed management reports to include analyses of key performance indicators; and continuing enhancement of computer systems in order to provide a sound platform for future development. Additionally the postholder will be responsible for appropriate company

Interested candidates should send a comprehensive CV, highlighting relevant experience and including remuneration details to Karan Paige at KPMG Management Consulting, Richmond Park House, 15 Pembroke Road, Clifton, Bristol BS8 3BG. Telephone (0272) 464042.

KPMG Selection & Search

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**FINANCIAL TIMES** 

### **COMPANIES & MARKETS**

OTHE FINANCIAL TIMES LIMITED 1994

Friday November 11 1994

#### Fletcher King COMMERCIAL PROPERTY CONSULTANTS London 071-493 8400 IRMINGHAM MANCHESTER NORWICH NORTHAMPTON

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#### **Cuts offset weak** sales at Pharmacia

Pharmacia, the Swedish drugs group, yesterday said underlying operating profits rose 18 per cent in the first nine months to SKr4.43bn (\$602.2m). Costcutting enabled the group to improve against health authority clampdowns which reduced sales of some of its leading drugs. Page 18

Lufthansa shows further rise

Lufthansa, the German national airline, continued its much improved financial performance this year, lifting pre-tax profits by 51 per cent in the third quarter to DM220m (\$143.79m). Page 18

Hyundal buys NCR chip operations Hyundai Electronics America, a US subsidiary of the South Korean Hyundai group, has agreed to acquire the semiconductor operations of AT&T Global Information Solutions, formerly called NCR, for more than \$300m. Page 19

Nickel outlook brightens

Twelve months ago. Inco, the western world's biggest nickel producer, was trimming its sails to cope with what looked like an unremitting market slump. Now the nickel price has climbed to almost \$3 per lb. the directors are confident enough to approve a clutch of new projects. Page 20

Japanese chemicals put faith in cost cuts Japan's chemical industry continued to suffer from falling prices and weak demand in the first half of this year, but its leading companies believe cost-cutting will help them lift earnings. Page 20

Attwoods ready to go up for saleAttwoods, the UK waste services group, is today expected to promise shareholders it will put itself up for sale if investors reject the hostile \$364m (\$596m) cash bid from Browning-Ferris Industries of the US.

Northumbrian Water doubles Northumbrian Water Group yesterday took the lead

in the UK industry's dividend bonanza with a record 16 per cent increase from 8.1p to 9.4p for the six months to September 30 in its first payout since the price review. Page 22 Recovery helps Burton to £41m

Burton, the UK clothing retail group including Debenhams, Burtons and Dorothy Perkins, more than doubled profits last year despite falling into

the red in its multiples division. Page 23 Coats Viyella lines up buyers Coats Viyella, the UK's largest textiles company, has lined up several buyers for its yarns, fabrics

and carpet divisions. Page 24

Danish co-operative slaughterhouses are considering merging to form one large company. The resulting company would be the second largest industrial group in Denmark and the biggest pigmeat processing group in the world. Page 26

Academic answer to UBS

Two Zurich academics have concluded that direc-tors of Union Bank of Switzerland now have enough proxy votes to win shareholder approval to convert red into bearers at an EGM on N 22. Rack Page

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### Shell dips as margins tighten

By Robert Corzine in London

Production losses from the recent oil strike in Nigeria and tighter refining margins in Asia caused third-quarter profits for the Royal Dutch/Shell group to ease back 1 per cent to £853m (\$1,4bn).

Shell shares closed 8p down at 711p, after the company reported a 3 per cent drop in net income for the nine months to £2,38bn on an estimated current cost of supplies basis, similar to a replacement costs measure. Shell, in common with other integrated oil

companies, experienced a strong cyclical rebound in chemical earnings during the

third quarter. Rising volumes and lower operating costs resulted in chemicals' earnings of £158m. against a £168m loss last time. Shell said it was optimistic that demand would grow as

world petrochemicals' markets continue the recovery in line with stronger economic growth in the main industrialised economies. The rebound in chemicals failed, however,

to offset tigher relining margins in Asia. where Shell has extensive downstream interests. High refining margins in the region drew in imports of refined products from Middle East producers such as Ruwait. New refi-nery capacity in the area eroded margins further, although Shell predicted an improvement in the fourth quarter.

Total oil product sales were up 8 per cent outside the US, with increases in Asia and Latin America offsetting a decline in Europe. The third-quarter results were also depressed by the effects of the Nigerian oil strike this past summer. The loss of produc-tion from Shell's large onshore fields in Nigería caused worldwide net equity crude oil

production in the quarter to fall by 2 per cent to 1.69m barrels a day.

Exploration and production earnings fell 37

per cent to £350m. The loss of Nigerian output coincided with this year's highest world crude oil prices. It also lowered cash flow to £5.6bn, against £5.8bn last year. Shell expects crude oil prices to firm in the

fourth quarter, when demand usually increases because of winter in the northern hemisphere. But it noted that price movements were also dependent on the actions of the Organisation of Petroleum Exporting Countries at its meeting later this month.

Capital expenditure and exploration spending for the nine months rose 10 per cent to £4.6bn. Total debt remained relatively modest at £8.2bn, with a total debt ratio of 18.4 per

### Robert Corzine sees oil groups overcoming risks to develop promising fields

### New frontiers open up in the deep blue sea

il companies are keen fol-lowers of fashion. As soon as one makes a significant discovery in a promising

At least that was the hope of the UK government, which earlier this week gave the go-ahead for the development of Foinaven, the UK's first oil field in the deep waters west of the Shetland

new area, others pile in.

British Petroleum has estimated total reserves at Foinaven of 250m-500m barrels of oil, placing it in the upper range of recent North Sea discoveries. But the field is much smaller than the multi-billion barrel fields such as Forties and Brent discovered in the early stages of North Sea exploration.

For the UK, however, Foinaven promises to open up a new frontier oil province of perhaps 3.5bn-4bn barrels of oil, placing it in the "world class" category.

Foinaven is further evidence that oil companies are increasingly confident that they can find and produce oil in water depths and conditions which just a few rears ago would have judged too risky.

New seismic techniques enable geologists to "see" potential fields better. Advanced drilling methods allow wells to have lengthy horizontal sections within the reservoir, so more oil can be recovered and fewer wells need to be drilled - important when a well can cost \$10m-\$15m. BP expects first oil from Foinaven three and a half years after its discovery, compared with up

f Mr Gerhard Schulmeyer is worried about his company's Laccumulated losses of

DM2.25bn (\$1.5bn), he does not

show it. The new president and

D-Marks and dollars.

operations in 1990.

available to him.

them, as he pointed out - at the

company.

Although striving to be tactful

about SNI's previous bosses, he

made plain that their admirable

ambitions of becoming fast, flexi-

ble and close to the customer were unattainable in the strait-

jacket of traditional, vertically

structured German management

"If you don't have a major techni-

cal feature change every six

months you start to look old. You

must revamp your entire product

range every 12 months or you

Mr Schulmeyer, formerly head

of Asea Brown Boveri's US

operations, and fresh from six

months' teaching management at

the Massachusetts Institute of

Technology, admitted the pro-

cesses he was trying to introduce

were alien to Germany, but

insisted they were essential for

the success of a high-technology,

market-driven business.

begin to look out of step."

"We cannot think in terms of

methods applied hitherto.

to 10 years for most projects. Growing deep water experience promises further big gains in effi-ciency and cost savings. US oil companies have joined together

in the Deep Star programme to

develop deep water technology.

Other savings are being realised through design improvements, such as Shell's floating platform at its new Auger field in 2,860 ft of water in the Gulf of Mexico which contains 39,000 tons of steel. Refinements mean that the nearby Mars platform being installed in 2,933 ft of water will contain 8,000 fewer tons of

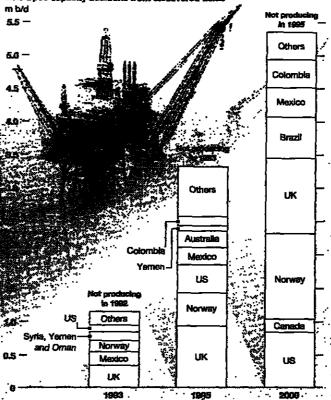
Mars' planned output of 100,000 b/d will be double that Auger, but it will cost \$200m less.

uch savings have helped to slash finding and develop-ment costs per barrel, which in Foinaven's case is down to \$4-\$5. That makes such developments economically feasible even when crude oil prices are at Given the prospect that costs

for new projects will fall even water projects is likely to grow. Some of the most promising deep water oil regions, such as the west of Shetlands and the Guif of Mexico, are close to established offshore oil provinces. Companies have ready and cheap access to shore terminals and

undersea pipelines which can be extended to the frontier areas. But could the deep water projects influence world crude oil prices in coming years? Some

#### Non-Opec countries roll out the barrels



analysts think they will.

They note that apart from the UK and US, many of the most exciting deep water prospects are Brazil, Mexico, Malaysia, the Philippines, Angola and Namibia. With the exception of Nigeria. they are outside the Organisation of Petroleum Exporting Countries, and therefore not subject to Opec production quotas. Other analysts note that even

relatively small changes in oil output in key countries such as the US or the UK can have a far-reaching effect on prices. because of the central price-setting performed by benchmark

crudes such as Brent Blend. The sharp rise in non-Opec production over the past year has clearly confounded current Opec

Mr Mehdi Varzi of London brokers Kleinwort Benson says there is a possibility that oil markets and Opec will continue to underestimate non-Opec production over the next few years.

Mr John Toalster of London

brokers Société Générale Strauss Turnbull, says: "The North Sea is the current bete noire of Opec." Foinaven and the other fields west of Shetlands may in the future assume that mantle.

### BT held back by cost of cutting jobs and prices

By Alan Cane in London

The cost of cutting prices and jobs held back revenues and profitability at British Telecommunications in the first six months. Sir Jain Vallance, chairman, warned that the second-half results would be affected by the same factors, influencing a 5p fall in the share price to 388p.

Despite a stronger UK economy which helped to push up inland call volumes by more than 7 per cent, profits before tax were £1.49bn (\$2.44bn), slightly below the £1.5bn recorded last time. Turnover rose to £6.85bn compared with £6.76bn. Earnings per share fell from 15.6p to 15p. Sir Iain said the group's under-

lving performance was strong. arguing that after adjustments for redundancy charges of £151m, a £75m premium on the repurchase of bonds and the effects on the results of the disposal of group undertakings, turnover was up by 2.4 per cent in both the second quarter and the half year. On the same basis, pre-tax profits rose 5.2 per cent in the second quarter and 3.7 per cent in the

half year while earnings per share were up 5 per cent in the second quarter and 3.4 per cent in the half year. An interim dividend of 7.05p will be paid representing a 6 per

cent improvement on last time. At the same stage last year, Sir £2.5bn mark.

Iain had warned that the 8.1 per cent rate of dividend growth awarded then was unlikely to be maintained.

The group had dropped prices 11 times this year under the con-ditions of its pricing formula and had already returned about £1bn to customers in the form of price cuts with a further £400m to be shaved in the present year.

Mr Michael Hepher, managing director, claimed success for the "Good to talk" advertising campaign and for specific marketing initiatives such as National Weekend Rate. Staff numbers were now

151,600, 4,400 lower than the start of the year and on track for a reduction of 15,000 in the full

Sir Iain said that Concert, the group's joint venture with its US equity partner MCI, was ahead of the competition in being able to offer international companies "seamless" voice and data services; the venture had some 75 new customers representing £200m in additional revenue.

Completion of the MCI invest-ment increased the group's gearing at September 30 to 29 per cent with net debt standing at £3.37bn. Analysts yesterday described BT's performance as sound across the board. Pre-tax profits estimates for the full year are unchanged at about the £2.45bn-

### Axa may seek foreign listings to build base

By Andrew Jack in Paris

Axa, one of France's largest insurance groups, is considering seeking stock exchange quotations in London and Tokyo as well as New York over the next

Mr Claude Bébéar, chairman, was keen to broaden the shareholder base and obtain listings in other countries where the

ness interests. The listings are aimed to lift

### two years, it said yesterday.

the profile of the company internationally and aid in capital raisings for foreign development. Axa is already at an advanced stage of talks with the New York Stock Exchange about obtaining a US listing. It is embroiled in negotiations over the different accounting requirements demanded by the Securities and

keen to issue shares in the UK and Japan. "We are seen as a French company. We want to show that we are becoming more and more global," he said. He would not give details of the size of the potential new share capital but said ultimately

it would make sense for Axa to have stock market capitalisations in the leading world marof business it does there. Axa is developing links with analysts in London, Edinburgh

and Frankfurt this year. Mr Bébéar said he was also in discussions about raising \$100m-\$200m through other forms of financial instruments next year. He stressed that the company already had access to facilities of about FFr30bn (\$5.85bn) if it needed to make quick decisions about potential acquisitions.

### Siemens Nixdorf's new chief reviews his first months

### Race to renew a corporate culture



Schulmeyer: improved odds

"Classical functional organisational structures, in Germany especially, inevitably lead to a fragmented way of working with all the attendant penalties of delay, inflexibility and high over-"Conventional approaches to

hiring, training and developing employees create narrow-minded and inflexible specialists and a management cadre that has few entrepreneurial skills beyond paper-poshing and in-fighting."

two-year or five-year plans. We have to think of days," he said. Such conflicts figured large among the well-publicised problems which afflicted SNI from the outset, and which Mr Schulmeyer yesterday suggested had still not been properly resolved. During the unification process, insufficient attention was paid to reinforcing the relative advantages of the two cultures, he said.

"SNI has not yet achieved a well-formulated cultural dimension," he charged, "Siemens is still dreaming of its mainframe days and Nixdorf is still in its mid-range mentality." And, he suggested, there was

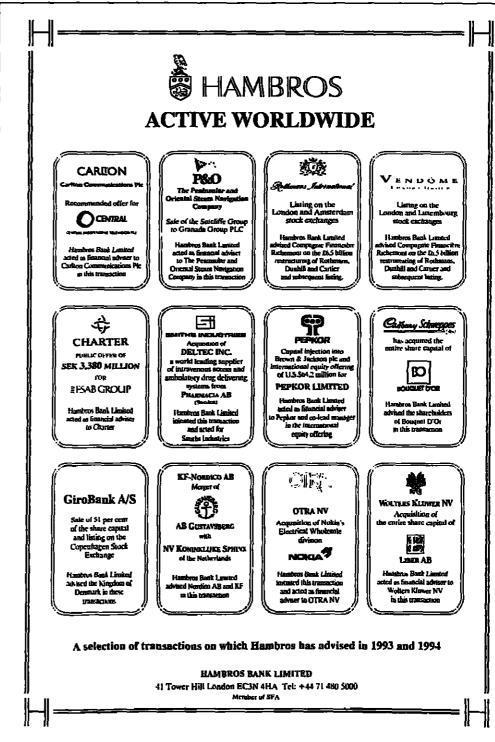
no greater sin for an information technology group than to dwell on the past: "We should not try to find the future by analysing our histories to death ' "We managers have to learn to

take risks otherwise nothing will happen," he said. As for the risk of his failing in his main ambition, Mr Schulmeyer said he had given himself a 60:40 chance of successfully changing the SNI culture when he arrived. Since then he had met or addressed 11,000 of the group's employees. Young managers had been sent for training in the US. He had employed restructuring experts and he had reserves of expertise among his colleagues at MIT. He felt the odds on his success had improved to 70:30, he said. Business was also improving.

In spite of appearances, SNI was not teetering on the brink of disaster. It was on a healthy recovery path, he claimed. In the current financial year, when Europe's computer price wars would cost the group even more than last year's DM900m, the company would make an operating profit, although further restructuring charges would leave it with another deficit on the bottom line, he said. Sales were expected to grow 4 or 5 per cent and productivity was planned to increase 15 per cent.

Although SNI lost DM350m last year, the situation had improved in the second half when turnover increased 23 per cent, said Mr Schulmeyer. Over the whole year personal computer sales had increased 50 per cent compared with 1992/93. The PC division had gained a 10.4 per cent share in Germany, was growing sales faster than the market, and was no longer a "headache financially",

**Christopher Parkes** 



### INTERNATIONAL COMPANIES AND FINANCE

### Lufthansa keeps up improvement with 51% rise

By Andrew Fisher in Frankfurt

Lufthansa, the German national airline, continued its much improved financial performance this year, lifting pretax profits by 51 per cent in the third quarter to DM220m (\$143.79m). The airline said it expected to break even in the

fourth quarter, For the whole year, it expects to make a profit and pay a dividend for the first time in five years. Shareholders last received a DM4 payment per share in 1989.

The company said that in the first nine months, it made a pre-tax profit of DM325m, compared with a loss of DM76m in the same period of 1993. Group cash flow would total DM2.2bn this year it added with total investments at DM1.8bn. It gave no comparative figures.

Revenues from flight operations were 8 per cent higher in the first nine months at DM10.6bn, with total revenues 7.5 per cent higher at nearly DM12bn.

Passenger numbers were

with sales in terms of tonnekilometres 8.8 per cent higher. Cargo business in the nine months rose by 20 per cent and the overall load factor by 1.8 percentage points to 70.4 per

The airline, which recently signed a partnership deal with Thai Airways International covering both cargo and passengers, had posted its first profit for five years in the first half of this year; pre-tax profits totalled DM105m, against a DM221m loss in the corresponding period of 1993.

Last month, the government yielded control of the airline by not taking up its entitlement in a rights issue.

The shares were sold to investors in Germany and abroad to raise more than

It has also decided to spin off its cargo, maintenance and information technology services into independent profit centres to continue the streamlining begun several years ago.

### Watchdog to probe Carrefour share fall

The French market watchdog yesterday launched a formal inquiry into Carrefour, one of the country's leading hypermarket chains, in the wake of a sharp drop in the company's share price following rumours on the Paris bourse.

The rumours appeared to be the cause of a drop of up to 8 per cent in the price of the shares yesterday, following a decline the day before of 4.7 per cent.

Commission des Opérations de Bourse confirmed last night it was investigating Carrefour on two grounds: the market in the shares, and two pieces of price-sensitive information it had received two days earlier. It refused to give details of

what the information con-

have been caused by two rumours: that it was to announce an increase in its capital in an effort to buy Caro, a distribution company, and that it had offered bribes

two rumours yesterday and said it would welcome and co-operate fully with an inquiry by the COB.

no connection. The company added that it had no detailed knowledge of the background to any bribes,

cerned. However, Carrefour said the share price fall appeared to

to the Communist party. The group flatly denied the

It said it had no plans to buy Caro, with which it said it had

but firmly rejected suggestions any money had been paid to

### Bologna banks get go-ahead for merger

The Bank of Italy yesterday gave the go-ahead to a proposed merger between two Bologna banks - Credito Romagnolo (Rolo) and Cassa di Risparmio in Bologna (Carisbo) giving them a head-start over Credito Italiano's rival plan to

take control of Rolo. The central bank, which supervises the fragmented Italian banking sector, is still considering Credito Italiano's plan to bid L2,000bn (\$1.27bn) in cash for a 48 per cent stake in Rolo, to add to the 2-3 per cent it already owns.

The Bank of Italy was not expected to reject the planned merger between Rolo and Caer, Carisbo's holding company. Earlier this year, it approved a similar plan for an alliance between the two,

which was then shelved. However, Rolo is bound to argue that the decision gives it a defensive advantage over Credito Italiano. The Bologna bank plans a sharebolder meeting on December 19 or 20 to vote on the merger, and it is also preparing to attack Credito Italiano's preliminary bid

plans on legal grounds. Meanwhlle, Credito Valtellinese, a small northern Italian bank, announced plans to take control of Credito Artigiano, a Milan-based bank in which it bas a 20 per cent stake.

Valtellinese said it would pay L146.3bn for a 29.27 per cent stake held by Artigiano's majority shareholder, Fondazione Vismara, and offer to buy up a 1.73 per cent from another shareholder to take control.

Valtellinese has given the

second shareholder, Fondazione Lambriana, until the end of the month to respond to the offer, but stressed yesterday that the move was a friendly one. If successful, the alliance will create an expanded network of 100 branches in Milan and the lakes area of northern Italy. Valtellinese, based in Sondrio north of Milan, has held a 20 per cent stake in Artigiano for five years, alongside the two charitable founda tions, both of which are linked

to the archdiocese of Milan.

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top 20 drugs groups in terms of sales, said yesterday that underlying operating profits rose 18 per cent to SKr4.43bn (\$602.2m) in the first nine months of the year.

Cost cutting enabled the group to improve its performance, against increasing competition and health authority clampdowns which reduced sales of some of its leading

Year-on-year comparisons were distorted by one-off gains

Pro-forma figures show underlying sales up 3 per cent at SKr19.87bn and operating costs down 4.2 per cent at SKr14.84bn. One-off gains of SKr842m helped lift operating profits to SKr4.43bn. up 61 per cent from last year's SKr2.74bn. Income after taxes and minority interests was SKr266bn.

In the third quarter, operating profits rose to SKr1.66bn from SKr996m. However, excluding one-off gains of SKr658m,

the figure was just SKr12m higher than a year ago.

Pharmacia, privatised by the Swedish government in June, has mounted a cost-cutting drive since its Fice purchase. The programme aims to trim annual costs by SKr1.2bn by 1996 and lift the operating margin to 20 per cent. In the 12 months to September 30, the margin reached 16.7 per cent, compared with 14.7 per cent for the full 1993 year.

Sales development has been less successful. Sales of Genotropin, the company's growth hormone drug, fell 6 per cent over the nine months, to

DM180m. Sales rose 1.5 per

The results do not include

Vebacom, the company's new-

est division, created earlier

this year. An international

partner for Vebacom is expec-

Mr Chrich Hartmann, chief

executive, recently announced

a planned DM6bn investment

in telecommunications over

the next 10 years. Vebacom has

a turnover of around DM240m

according to most recent

in a consortium led by the

Veba has a 15 per cent stake

ted to be announced shortly.

cent to DM7.6bn.

Power generation helps surge at Veba

gery) were 4 per cent lower at SKr1.18bn after being hit by tougher competition and lower prices in the US and Japan.

SKr1 96bn, due to tougher competition in some markets and cost-containment measures in Spain, Australia and Italy. Sales of Healon (cataract sur-

The anti-blood clotting agent Fragmin has been hit by changed reimbursement rules in Japan. Its sales were 9 per cent lower at SKr592m. The group's anti-cancer prod-

ucts, Farmorubicin and Adriamycin, showed a favourable development, with sales rising 13 and 7 per cent respectively.

French construction group Bouygues, which won the

licence to build France's third

mobile telephone network. It

also recently announced a joint

venture with Deutsche Bahn,

the German railways, to build

a corporate network over the

DB infrastructure and linked

to its network at Preussen-

Sales in the oil division, rep-

by 0.4 per cent to DM21.8bn.

SFr24m restructuring charge. The Swiss group, struggling to bring down costs in response to a price war in the worldwide personal computer industry, is curtailing produc-tion in the US and Ireland with the loss of some 500 jobs, a fifth of its total workforce. Sales were down 16.2 per cent to SFr192.2m in the first

half in spite of a 20 per cent rise in volume. Mr Daniel Borel, chairman, said prices of pointing devices and scanners the group's other product line, had fallen by between 30 and 40 per cent during the period.

Excluding extraordinary items, the loss reached SF17.6m, compared with a profit of SFr4.7m in the first half of fiscal 1993-94. Mr Borel acknowledged the figures were "troubling", and

resenting 21 per cent of group turnover, fell by around 4 per admitted the group had not responded quickly enough to the intensifying challenge from low-cost east Asian-based pro-Trade and services, the largest division with 42 per cent of group turnover, saw sales slip duction. It had also excessively

Production of commodity items would now be concentrated in China, and high-technology products would be made in Taiwan. The group had given up an attempt to break into the market for sound systems for computers,

Mr Borel confirmed rumours that the directors had considered seeking a partner to secure the company's future, but decided to "keep fighting". Operating costs were now better aligned with those of competitors and the balance sheet was strong with SFr83.9m in shareholders' funds at the end of September.

In the second quarter, the operating loss had been cut to SFrim after losses of SFr4.im and SFr4.6m in the two previous quarters.

He said the remainder of the current fiscal year would be "delicate" because of production transfers and redundan-

Cuts offset sales fall at Pharmacia the Italian pharmaceuticals company Farmitalia Carlo Pharmacia, one of the world's Erba (Fice) in May 1993.

by the sale of coal trading

**Prudential to shorten** 

directors' contracts

Veha the German energybased conglomerate which recently announced a push telecommunications. hoisted net profits by 49 per cent to DM677m (\$442.5m) in the first nine months of this year, up from DM453m. It was helped by strong sales

at PreussenElektra, which is Germany's second-biggest provider of electricity. The increase was in line with forecasts, and the company

said net profits for the full year would be "significantly" higher than last year's DM825m.

By William Lewis in London

The Prudential Corporation,

the UK's largest investing

institution, is poised to follow

the trend of other large compa-

nies and cut the length of its

This move follows mounting

criticism from institutional

shareholders of large payouts

to directors who have resigned

while holding long service con-

tracts. It marks a reversal of

the Prudential's policy, which

previously gave strong support

to three-year rolling contracts.

Last June it said: "If we want

to recruit and retain the right

quality of executive on to our

board, we need to offer them a

competitive remuneration

package and currently a three-

directors' service contracts.

interests at the Raab Karcher unit, which raised DM132m. Turnover for the nine

months rose 6.6 per cent to DM52.4bn. up from DM49.1bn. The sharpest rise, of 28.9 per cent\_came at PreussenElektra which incorporated for the east German regional generators bought at the beginning of this year.

The company said its troubled chemicals division was making an operating profit. but there would be a loss for the whole year because of fur-

year contract is part of that

This was in response to the

launch of a campaign by Pos-

Tel. the £25bn (\$40bn) pension

fund, calling for a reduction in

the length of service contracts.

PosTel votes against the elec-

tion or re-election of directors

with rolling employment con-

The Prudential's change of

policy is likely to remove the

possibility of PosTel embar-

rassing it at its annual meeting

in May, when Sir Martin

due to become non-executive

the Prudential have three-year

chairman of the Prudential.

rolling contracts.

tracts longer than two years.

### Motor premiums set to rise at CU France

cent.

By Andrew Jack

The French arm of Commercial Union, one of the UK's biggest composite insurers, is set to raise motor premiums by up to 10 per cent early next year as part of an effort to increase profitability.

Commercial Union France, known as Victoire before it was acquired by the UK insurer earlier this year, also plans to merge its operations in France in an effort to cut

Jacomb, PosTel chairman, is Commercial Union earlier this week reported worldwide pre-tax profits of £305m (\$458m) Five executive directors of for the first nine months of the year, or nearly double the amount for the same period

nium income up 16 per cent to FFr19.7bn (\$3.7bn) for the first three quarters. Life income rose 20 per cent

to FFr13.1bn and non-life 5 per cent to FFr6.5bn. Mr Bernard Pottier, director general of Commercial Union Assurances, one of the main

subsidiaries, said he expected

motor premiums to rise by

between 8 and 10 per cent next April The company would also be aiming to improve the selectivity used to assess risk.

Mr Pottier said that - in common with its competitors the company had suffered from a rise in claims caused by theft and windscreen

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Internationale

Nederlanden

September 1994

Bank

Restructure costs drive Logitech into deficit By lan Rodger in Leusanne Logitech, the world's largest maker of computer pointing devices (mice and trackballs), has reported a SF131.6m (\$25m) loss in the six months to Sep-tember 30, mainly because of a

'cray unveil-

Better marui The Gap to 1

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to: +44 (0) 81 673 1335.

### Restructure costs drive Logitech \* into deficit By last Rodger in Laters

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# INTERNATIONAL COMPANIES AND FINANCE

### Hyundai buys NCR chip operations from AT&T

By Louise Kehoe in San Francisco

Hyundal Electronics America, a US subsidiary of the Hyundai group of South Korea, has agreed to acquire the semiconductor operations of AT&T Global Information Solutions, formerly called NCR, for more

The acquisition is the largest of its kind by a Korean company in the US, Hyundai said. AT&T announced in August that it was seeking a buyer for the NCR chip operations. With sales last year of \$372m, the unit employs about 1,850 people at two semiconductor

plant in Wichita, Kansas, that makes circuit boards for per-sonal computers. The division is profitable and its sales have been growing at about 25 per cent per year, AT&T said. Hyundai Electronics said it

would retain the current management of the NCR division, which would operate as an independent, autonomous sub-With estimated world sales of \$1.05bn in 1993, Hyundai

Electronics is the third largest facturer, after Samsung and Goldstar. Hyundai's semiconductor revenues are expected to more than double this

To date, however, Hyundai's semiconductor operations have been heavily concentrated on memory chips, used in all types of computers.

The acquisition is a strate gic move to expand Hyundai Electronics' strong presence in the global semiconductor marketplace from a volumedriven memory business to the high value-added integrated circuit business," said Mr Y.H. Kim. chief executive of Hyundai Electronics

The NCR Microelectronic Products division produces spe-cialised microchips, including application-specific integrated

### gas side of Santa Fe Int'l for sale

By Robin Allen in Dubai and Robert Corsine in London

US oil and

The state-owned Kuwait Petroleum Corp yesterday said it would sell the US oil and gas exploration and production operations of Santa Fe International Corporation, a wholly-

owned subsidiary.

Mr Nader Sultan, KPC deputy chairman, said the US operation was "no longer a strategic priority". The sale will not affect Santa Fe UK's operations in the British sector of the North

Nor will it include Santa Fe's extensive international

drilling operations. Santa Fe was one of a series of US and European invest-ments made by KPC during the 1980s under the chairmanship of Shelkh Ali Al-Sabah, the then oil minister. KPC paid \$2.5bn, or \$51 a share, for Santa Fe in 1981.

Santa Fe lost \$2.9bn between 1981-90, according to official Kuwaiti figures.

A Kuwaiti parliamentary watchdog has charged that the acquisition was a "hasty per-sonal idea" rather than part of a well thought-out investment

# Allstate shaken by earthquake

Reducing disaster exposure is a key to earnings, says Richard Waters

A potatoes of the US insurance business. Last year, it made \$1.3bn of profits after tax - equivalent to a 19 per cent return on capital. That is almost unheard of for the US personal property/casualty insurance industry, where premium rates are controlled

by state regulators.
Then came the earthquake centred in Northridge, California. With its 12-13 per cent share of the home insurance market in southern California, Allstate was hit hard by January's earthquake. Like others, the company has revised its estimate of losses upwards several times during the year. The

latest figure is \$1.3bm. All of this makes Allstate, based in Northbrook, Illinois, one of the purest stock market plays in the US personal property/casualty business. State Farm, its rival with some 20 per cent of the US homeowners and auto insurance market (and \$1.5bn of losses from Northridge) is a mutually owned company. Farmers, whose concentration on the west coast landed it with an estimated \$1.3bn of losses from the earthquake, is owned by BAT Industries, the UK-based tobacco and financial services

group. Reducing its exposure to natural disasters such as earth-

Ilstate is one of the hot quakes and hurricanes is one. of the keys to future earnings. After taking account of reinsurance cover, the company's Northridge losses amount to about 11 per cent of its capital. according to Mr Peter Wade, associate director of Standard & Poor's, the US rating agency. Subjecting the company's balance sheet to various disas-

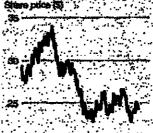
> Allstate's shares trade on a multiple of around 9 times earnings before catastrophe losses, some two points below the average insurance group, a discount which could reflect the controlling interest

ter scenarios suggests that about 25 per cent to 30 per cent of its capital could be at risk. he adds. Allstate is now trying to reduce that to below 20 per cent - although regulations in states such as Florida, which limit the ability of insurers to stop renewing homeowners' policies, hinder this process. The scarcity of reinsurance

of Sears

coverage for catastrophe losses has also made the task difficult

to accomplish. As long as it is perceived to face higher catastrophe risks than other insurance groups, Allstate is likely to continue to trade on a lower price/earnings multiple (its shares trade on a multiple of about 9 times earnings before catastrophe losses,



Aun 1993 Source; FT Graphite;

some two points below the average insurance group). "To some extent, the discount may reflect the controlling interest of Sears," Mr Myron Piccoult, an insurance analyst at Oppenheimer, suggested recently. However, he added that the catastrophe exposure was the bigger concern.

In the meantime, Allstate

continues to run one of the most effective sales machines in the IIS insurance husiness. Sears was in the financial services business long before it became fashionable - it established the company in 1931 to sell auto insurance through its catalogues and stores - and has turned Alistate into a much-admired retailer in its own right. The insurance business still bears the hallmarks of its origins, with auto poli-cies contributing about two thirds of premium income from the property/casualty business. About 15 per cent of the com-pany's total premiums last year came from life insurance.) Unlike its rivals, Allstate operates through a network of agents who sell only Allstate policies. These 15.000 agents. spread across North America, brought in \$20.9bn of premi-

ums last year.
For Allstate, like Prudential, another insurance group with a powerful salesforce, this is both a strength and a potential weakness. Allstate's agents are known for their success in selling additional policies to existing customers. However, a bigger move into the life and annuities businesses would pose questions about the skills of its traditional salesforce. Also, the biggest growth area of the auto insurance market is

### Cray unveils new supercomputer

By Louise Kehoe

Cray Computer, the struggling supercomputer developer, has announced a new model which it claims will match the performance of any commercially available supercomputer at a

fraction of the price. The new "Cray 4" supercomputer is priced at about \$6m for a system with performance equivalent to a \$25m

Research, the world's leading manufacturer. Cray Computer is a spin-off from Cray Research, formed by Mr Sey-more Cray, founder of the original company bearing his

Cray Computer has yet to make a single sale and its future is largely dependent upon finding a buyer for the new Cray 4 over the next few months, according to industry supercomputer sold by Cray analysts. In recent months two

other US supercomputer companies, Thinking Machines and Kendall Square, have ceased manufacturing operations. Cray said, however, that it

has some "strong indications of interest" and believes that it is close to receiving its first order. "We plan to be able to make our first delivery by the end of the first quarter of 1995," said Mr Charles Breckenridge, executive vice-president of marketing.

### Better margins lift The Gap to record

By Richard Tomidos In New York

New store openings and better profit margins at existing stores helped The Gap, the US casual-wear retailer, produce a 19 per cent increase in net profits to a record \$93.6m in its third quarter to October.

Mr Donald Fisher, chairman and chief executive, said The Gap was especially pleased with its Banana Republic stores, which had turned in an the quarter.

cents from 54 cents. At the end of the quarter, markdowns to clear goods.

The Gap operated 877 Gap stores, 354 GapKids stores, 184 Banana Republic stores and 62 Old Navy or Gap Warehouse stores. The total of 1,477 represented an increase of 92 stores

over the year-earlier figure. The group's sales revenues rose by 10 per cent to \$988.3m, but only because of the new store openings. Sales at stores that had been open for more than a year fell by 2 per cent. The sales fall at existing stores, however, was offset by "impressive" performance for a rise in margins stemming from control over costs and a Earnings per share rose to 64 better merchandise mix, which

reduced the need for price

### Growth at Four Seasons

Four Seasons Hotels, the luxury chain in which Saudi Arabia's Prince Al-Waleed recently bought a minority stake, has benefited from a strong recovery in the interna-

tional hotel business. The Toronto-based company's third-quarter earnings climbed to C\$3.2m (US\$2.4m) or 12 cents a share, from C\$399,000, or 2 cents, a year earlier. Revenues rose to C\$409.1m from C\$326.1m. Operating earnings climbed by 59 per cent to C\$14.5m

The yield at Four Seasons and Regent hotels, defined as through asset disposals.

By Bernard Simon in Toronto: - occupancy multiplied by the m race. R per cent. Reservations climbed by 29 per cent in the first nine months of this year which

> according to Four Seasons points to further growth ahead Next year's performance should also be bolstered by new hotels which opened this year in Mexico City and Singa pore, and a resort in Palm Beach New properties are due to open over the next 12 months in Chiang Mai (Thailand), Jakarta and istanbul. Four Seasons expects its debt, now C\$367m; to fall by one-third by end-1995, mainly

#### MetroGas float to raise \$130m

The Argentine government expects to raise \$180m-\$160m through the sale of its remainng 20 per cent stake in Metros, the country's largest gas distributor.

The international issue of 93.5m class B shares, being derwritten by Credit Suisse First Boston and co-led by

Dresduer Bank, Goldman Sachs and Kleinwort Benson, is in the process of bookbuild ing and is expected to be priced at between \$1.30 and \$1.60 per share early next week.

Demand for the issue is said to be strong, as existing shareholders are expected to raise their stakes in the British Gasoperated utility. British Gas has a 41 per cent interest in MetroGas.

### Standard & Chartered

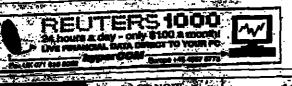
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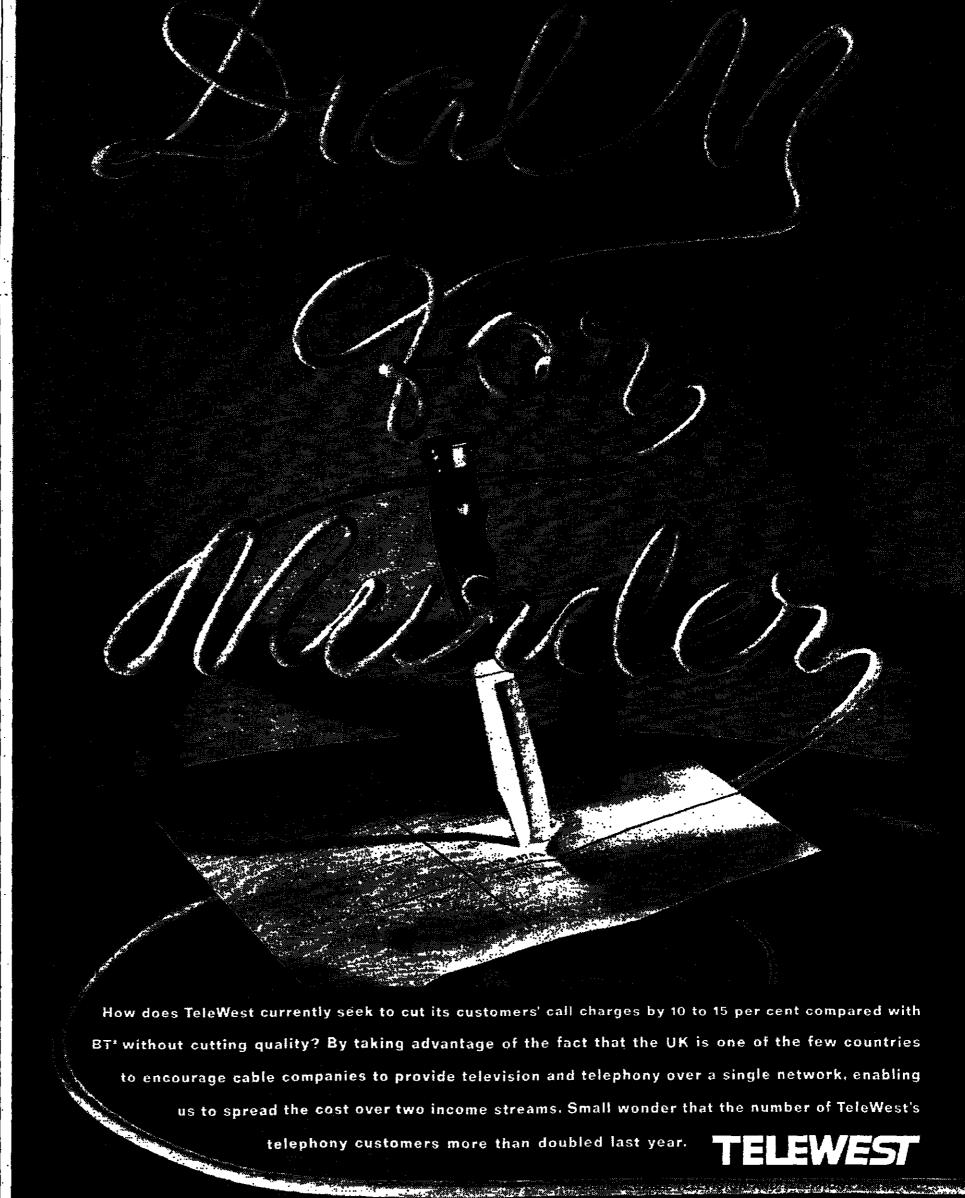
In accordance with the provisions of the Notes, notice is hereby given that for the interest Determination period from 14th November 1994 to 14th December 1994 the Notes will carry Interest at the rate of 6.25 per cent per annum.

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### Japan's chemicals groups slip in first half



into an economic recovery. That was the message from yesterday's interim reports from three of the leading chemicals groups: Mitsubishi Kasei, Japan's leading general chemicals producer; Mitsubishi Petrochemical, the country's largest petrochemicals group; and

Asahi Chemical, the leading maker of synthetic fibres. The two Mitsubishi companies, which merged last month to form Mitsubishi Chemical in an attempt to pool costs and achieve economies of scale, both reported losses in the six months to September. Losses rose at the petrochemical company, while the general chemicals group swung into the red from a profit in the first half of

Asahi only managed to raise its recurring profits – before extraordinary items and tax by selling securities, a common technique used by Japanese companies to tide themselves through hard times.

Mitsubishi Chemical is sticking to its forecast of a comed Y10bn (\$102m) recurring profit in the full year to March. That compares with a com-

Interim resul	ts to Septe	mber 1994 (	Ybn)
	Sales	Recurring profit*	Net profit
Mitsubishi Ch	mical		
1994	362.6	-4.782	-6.842
1993	345.0	2.273	3.563
Est for year	856.0	10.000	
Asshi-Chemic	4		
1994	449.4	<sup>-</sup> 9.648	4.392
1993	456.4	8.771	5.240
Est for year	980.0	24.000	11.000
Mippon Chemi	cai		
1994	14.8	-0.303	2.542
1993	14.6	-0.941	-1.369
Est for year	31.2	-0.070	8.390

bined loss of Y6.18bn last year, composed of a Y2.21bn profit from Mitsubishi Kasei and a Y8.39bn recurring loss from Mitsubishi Petrochemical, The merged group forecasts sales of Y855bn in its first year, 16 per cent down on its partners' combined Y1,023bn in 1993. The new group's petrochemical arm is hoping that it will be able to pass on a rise in oil

prices to an increase in prod-

uct prices in the current half.

The bulk chemicals division is counting on a recovery in production, after having to reduce output during Japan's summer water shortage. Both expect to benefit from the cost savings achieved by reducing their combined number of divisions.

Asahi vesterday upgraded its sales forecast for the full year, by Y20bn to Y980bn, a 4.6 per cent rise on the 12 months to last March. It made a Y3.8bn capital gain on securities to achieve its recurring profit of Y9.65bn in the first half, a 10 per cent increase on the same period last year. But operating profits fell, by 5.8 per cent to Y9.8bn, on sales down by 1.5 per cent. Demand for textiles and synthetic resins was especially weak, said the company.

The smaller Nippon Chemical cut recurring profits to Y303m from Y941m a year ago.

sian deliveries to the west

would be "the swing factor

that dictates the direction

nickel prices take in the

Supplies from former com-

munist countries are expected

to be about 126,000 tonnes this

year, or 18 per cent of world-

According to Ms Anderson,

Norilsk, the main Russian pro-

ducer, cannot sustain its out-

put without investment and

regular maintenance to mine

and plant equipment. "Based

on a lack of capital spending

alone, not to mention the

social and political problems,

production at Norilsk could

But she also acknowledged

that "it is almost impossible to

quantify what is really happen-

ing to [the Russian] industry".

over the past three years to cut

costs, especially at its Canadian operations. According to

Mr Marcus, break-even costs

may be down to \$2.25 a lb

within the next few years. Unit

costs in the early 1990s were

The nickel market has

become increasingly volatile as

banks and investment funds

have emerged as important

forces. The daily open interest

on the London Metal Exchange

that is, the number of con-

tracts which have not been

closed off by metal deliveries -

has soared from 48,000 tonnes

In 1990 to around 340,000

tonnes. Trading volumes have

surged fivefold to 70,000 tonnes

inco's ability to weather future

downturns is likely to hang on

its success in maintaining the

costs squeeze, even as it cele-

mer chairman and chairman of CIM, said CIM had no interest

in disposing of its controlling

interest in Ming Pao. A 10 per

cent stake would be disposed

of in two tranches of 18m

shares each over the coming

three months and would leave

CIM still owning 50 per cent of

Since Mr Yu's resignation

last month, in response to the censure by the Hong Kong

Stock Exchange over his fail-

ure to declare a 1979 criminal

conviction, the Hong Kong

market has been awash with

rumour and speculation about

brates rising metal prices.

Mr Marcus at PaineWebber

around \$2.45 a lb.

o matter what hap-

pens, Inco hopes to benefit from its drive

wide nickel supplies.

well fall." she said.

future'

#### **NEWS DIGEST**

### Rhône-Poulenc and Akzo Nobel call off talks

Akzo Nobel, the Dutch chemicals group, and France's Rhone-Poulenc said yesterday they were suspending talks on creating a joint venture for the production of soda ash because they could not agree on the ownership of the new company, writes Ronald van de Krol in

As part of plans unveiled in late May, Rhône-Poulenc, the world's third-largest soda ash producer, was to have held 67 per cent of the joint venture, with Akzo Nobel owning the

In later negotiations, both sides wanted a larger stake, and the gap between the two could not be bridged. However, Akzo Nobel and Rhône-Poulenc held out the possibility yesterday that talks might be resumed later because the industrial logic between the partnership in soda ash remained intact.

The planned joint venture, originally scheduled to get under way in January, was to have had annual turnover equivalent to Fl 300m (\$175m) and a workforce of more than 600. Rhone-Poulenc was planning to contribute

its plant in Nancy, France, while Akzo Nobel production site in Delfzijl, in the Netherlands. was prepared to transfer ownership of its

#### Anti-cholesterol drug sales lift Sankyo

Sankyo, a leading Japanese pharmaceuticals company, posted a firm rise in earnings due to strong sales of its anti-cholesterol drug Mevalotin, writes Emiko Terazono in Tokvo. The company posted an 8.4 per cent rise in

recurring profits - before extraordinary items and tax - to Y43bn (\$439m) in spite of a 2 per cent decline in sales to Y202.2bn The fall in sales was brought about by cuts in official drug prices by the ministry of health

and welfare, and the transfer of sales rights of Zaditen, an asthma drug, to the Japanese arm of Sandoz, the Swiss pharmaceutical group. The company posted a 5.6 per cent rise in

operating profits to Y42.3bn and an 11.2 per cent increase in after-tax profits to Y19.2bn. Sales of its drug division fell 1.9 per cent to Y180.7on although Mevalotin and Loxonine, an analgesic drug developed by Sankyo, saw sales increases. Revenue from agro-chemicals sales fell 0.6 per cent to Y12bn.

For the full year to March, the company expects current profits to rise 3.4 per cent to Y83bn while sales are expected to remain flat

#### First-quarter surge for Wesfarmers

Wesfarmers, the Australian fertiliser, chemicals and coal group, yesterday said it was budgeting for an improved profit after tax and before abnormal items for the year to June 30 1995, after posting a 70.9 per cent rise in first-quarter net profit, Reuter reports from

The company reported a net profit of A\$31.40m (US\$23.72m) for the three months to September 30, compared with A\$18.38m in the 1993-94 first quarter. Results were boosted by abnormal profits of A\$12.92m on the sale of investments. Sales rose to A\$530.15m in the quarter, from A\$443.37m a year earlier.

Wesfarmers reported a net profit after tax and before abnormal items of A\$127.02m for the 1993-94 year.

#### **Highlands Gold shares** worth A\$38m sold

Stockbroker County NatWest said it had com-

of the Highlands shares, which were worth A\$38.64m (US\$29.2m).

MIM Holdings, the Queensland-based metals group which owns 65 per cent of Highlands, said it was not behind the transaction. Mist has sold most of its equity investments over the past 12 months as part of a strategy of putting all assets under review.

Highlands shares closed 3 cents lower at A\$1.45, on a turnover of 29.03m, on the Austra-Han Stock Exchange.

#### SIA moves ticket data unit to China

Singapore Airlines (SIA) is to move part of its accounting operation to China to cut costs and circumvent labour shortages in Stngapore. SIA said the state owned accounting centre of China aviation would process SIA ticket data; writes Kieran Cooke in Kuala Lumpur.

"Given the shortage of labour in Singapore this will lessen the problem of recruitment and also result in cost savings for SIA," the airline said. SIA is in the process of moving other back room operations to India and other lowcost centres. It has also taken a stake in an aircraft maintenance facility being built in

Borrowers

SIA is concerned that growing labour and associated costs at home plus the continuing strength of the Singapore dollar are threatening the airline's competitiveness. Last month SIA reported a 20 per cent rise in group operating profits of S\$478m (\$322m) for the half year to September.

#### Cascades back in profit at nine months

Cascades, the Canadi-

an-based international

packaging group returned to profitabil-

ity at the nine-month

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Paperboard business in North America and Europe, writes Robert Gibbens in Montreal. Net profit was C\$15m (US\$11.08m), or 17 cents a share, against a

net loss of C\$4.3m, or 17 cents, a year earlier on sales of C\$1.2bn, down slightly because of the sale of Paperboard assets and shutdown of the Duffel mill in Belgium. Third-quarter profit was C\$7.3m, or 10 cents

gainst a loss of C\$3.2m, or 9 cents, on sales of C\$422m against C\$400m. Cascades has delayed making a provision for

a C\$26.8m fine levied against its French subsidiary after a European Commission probe of alleged boxboard industry price-fixing. Cascades has appealed and said it believed the fine would be reduced.

#### **EDS** buys New Zealand state computer group

EDS, the US computer services subsidiary of General Motors, has paid NZ\$47m (US\$29.26m). 22 per cent over book value, for GCS, the New Zealand state-owned computer group which handles record keeping for police, health, revenue and other government departments, writes Terry Hall in Wellington.

This is the second large purchase by EDS in New Zealand in less than six months. The company, founded by one-time US presidential candidate Mr Ross Perot, paid an estimated handles cheque clearing and related transactions for the country's banks.

GCS, previously known as Government Computer Services, was set up in the late 1960s, and was the biggest locally owned computer company. GCS made a tax-paid profit of NZ\$1.5m in the six months to September 30. It has earned NZ\$52m in profits over the past five years.

### Challenge Bank says it will bid

By Nikki Tait in Sydney

for rival

Perth-based Challenge Bank, the Australian regional bank, said yesterday that it intended to make an offer for Bank-West, a significantly larger, state-owned bank which the Western Australia government plans to privatise next year.

Challenge said it was confident its bid would be about A\$100m (US\$75.56m) more than the state government would receive from a public float of the company. However, Challenge made no mention of the specific offer it would make.

Challenge, whose desire to acquire BankWest has been widely known, said the combined strength of the two organisations in terms of mar-ket position, profitability and funding would maximise the prospect of BankWest remaining permanently domiciled in Western Australia.

"The merged entity can be funded, at the outset and over time, through a planned and systematic programme of accessing the domestic and international debt markets," it

Challenge Bank is estimated to have a 9 per cent share of the WA market, with a loan book around A\$2bn. BankWest is larger, with 27.6 per cent of the market and a loan book of more than A\$6bn. BankWest's gross assets are around Å\$12.5bn, while Challenge has A\$5bn, according to its 1993-94 balance sheet.

lenge] has failed to spell out how it would implement a merger. In contrast, a straight float ensures that the full benefits of privatisation would go to the people of WA."

Meanwhile, the state govern-

ment said it would not be pressured on the privatisation of

### Inco digs deep to squeeze costs

inco rides high on nickel price

The nickel producer is celebrating rising prices, writes Bernard Simon

hat a difference a year has made at Inco. Twelve months ago, the western world's biggest nickel producer was trimming its sails to cope with what looked like an unremitting market slump.
Inco produced 15,000 tonnes,

or about 8 per cent, less nickel last year than in 1992. As the nickel price dipped to a low of US\$1.80 a lb in September 1993, It cut output by another 18,000 tonnes and pared capital spending to the bone. Some feared the Toronto-based company, which supplies about a third of western nickel output, might buckle under its \$1.1bn debt burden.

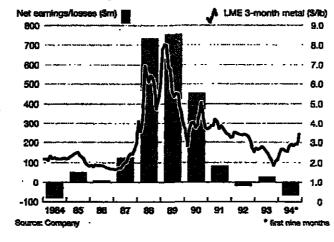
The mood was just the opposite at Inco's board meeting in the last week of October. The three-month nickel price had climbed to more than \$3 a lb, hitting a peak of \$3.45 last week. The directors were sufficiently confident of the outlook to approve a clutch of new proiects at its Ontario and Manitoba mines. They include the \$158m

development of the McCreedy East deposit, near Sudbury, Ontario, which is expected to produce 22.5m lbs of nickel (equal to about 6 per cent of 1993 output) and 77.5m lbs of copper a year by 1999. In addition Inco has just

given the go-ahead for a drilling programme at what is believed to be a rich orebody, known as Pipe Deep, in Manitoba. It is also pressing ahead with development of another high-grade orebody, known as Victor, near its existing operations at Sudbury.

Plans have been unveiled to install a \$13.6m ore-handling ing the Creighton mine at \$5 a lb will be realised. Sudbury.

"It's our intention to get every pound of nickel possible out of the ground," an Inco official says. Another "good news" announcement, on which the company declines to elaborate at this stage, is scheduled for early next week.



The turnround has begun to show in Inco's earnings. Primary metal operations have swung from a \$19m loss in the third quarter of 1993 to a \$39m profit this year, in spite of an accident at a Manitoba mine which cut third-quarter output by 3.600 tonnes.

The median forecast of a group of 13 North American analysts suggests that Inco will

less steel production by 5 per cent to 12.6m tonnes. As a result, its estimate of nickel demand has climbed by 18,000 tonnes to 711,000 tonnes. Inco predicts a similar rise in western supplies during 1995, reflecting the return of mothballed mines to the market. and new capacity in western Australia and Indonesia.

This would bring the market

The company says that it intends to get every pound of nickel possible out of the ground

recover from a loss of about 40 cents a share this year to earnings of \$1.50 a share in 1995. Those looking further ahead bravely predict earnings will climb to about \$2.25 in 1996. Mr Peter Marcus, analyst at

increasingly confident that his "good case" scenario of an uch of the renewed optimism rests on optimism rests on unexpectedly buoy-

ant demand from stainless

steel makers, who make up

about 60 per cent of western

nickel consumption. Inco has

raised its forecast of 1994 stain-

PaineWebber in New York, is

roughly into balance. Mr Fraser Phillips, analyst at ScotiaMcLeod in Toronto, predicts that while a price correction could occur over the next six months, inventories should start dropping in late 1995 and prices should then improve

nant, or falling, Russian exports. Uncontrolled shipments from Russia and eastern Europe have been one of the most disruptive forces in the nickel market in recent

said in a recent paper that Rus-

Indonesian tycoon Mr Oei

Hong-leong has emerged as an investor in Ming Pao, the pres-

tige Hong Kong daily newspa-

per whose chairman was forced to resign last month

amid revelations concerning a

Mr Oei's China Strategic

Holdings will buy a 10 per cent stake in Ming Pao from CIM,

the newspaper's controlling

past criminal conviction.

By Sknon Holberton

in Hong Kong

This optimistic view of nick-

Ms Stephanie Anderson, Inco director of market research,

share rise or fall by \$2 for each \$1 movement in nickel prices. For the time being, volatile markets are working to the advantage of producers. But

Mr Robert Kuok, the Malay-

sian financier, and Mr Jimmy

Lai, the publisher of Next mag-

azine, were rumoured to have

been interested in acquiring an

interest in Ming Pao. In the

end it was Mr Oei - whose

family controls Sinar Mas.

Indonesia's second largest

business empire - who

In addition to his private

interest in Indonesia, Mr Oei is

a big investor in property in

Singapore, where he has made his home. In Hong Kong, he is

emerged in the lead.

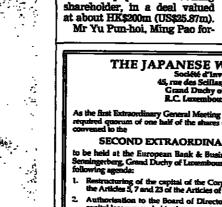
pleted transactions totalling 28m shares, or 5 per cent, in Papua New Guinea gold miner Highlands Gold at A\$1.38 a share, Reuter reports from Sydney. The broker would not, however, disclose the buyer or the seller

#### Indonesian plans HK newspaper stake **Bank completes** HK\$2.5bn issue

CIM's continued ownership of chairman of China Strategic Standard Chartered Bank, the which is his family's vehicle operating bank of ITK multinational banking group Standard Chartered, said yesterday that it had completed a HK\$2.5bn . The company has many joint ventures in China but most of (US\$32.5m) issue of floating its profits come from three areas of activity; it is China's rate certificates of deposit biggest tyre manufacturer, it aimed at lowering the cost of produces about 10 per cent of the country's output of paper,

funding its assets in Asia, writes Simon Holberton. The bank said it had nearly doubled the issue in response

to market demand. The FRCDs will pay an annual rate of interest equivalent to 35 basis points above the three-month Hong Kong interbank offered rate.



THE JAPANESE WARRANT FUND Société d'Investigaement
45, rue des Scillas, L-2529 Hovraid
Grand Duchy of Luxembourg
R.C. Luxembourg No. Box Co. As the first Extraordinary General Meeting held on 27 October 1994 dld not have the required quorum of one half of the shares outstanding, the Shareholdens are hereby convened to the

SECOND EXTRAORDINARY GENERAL MEETING e held at the European Bank & Business Centre, 6, route de Trèves, L-2633 lingerberg, Grand Duchy of Luxembourg on 21 December 1994 at 10 am. with the

Restructuring of the capital of the Corporation and conse the Articles 5, 7 and 23 of the Articles of Association; Authorization to the Board of Directors to set-off all realised and unrealised capital losses recorded in the accounts as at 30 September 1933 against the paid-in surplus in accordance with the provision of Article 21 of the Articles of Association.

Note of the amendment of Article 4 of the Articles of Associatios consequential to the change of the registered office from 45, rue des Scilles, L-2529 Howald, Cesui Ducty of Lucembourg to European Bank & Business Centre, 6, route de Trèves L-2633 Senningberg, Gaind Duchy of Lucembourg. The Shareholden are advised that no quorum is required for the holizondinary General Meeting. Resolutions will be passed by an affirm two/thirds of the shares present or represented at such Meeting.

The text of the restated Article of Association showing the propoblained on request and without any charge from The Japanese Reming Fund Managament (Lossmbourg) S.A., L-2688 Lossmbourg)

ier to be entitled to attend the meeting, holders of beauer sh bearer share certificates five working days prior to the meetin

Shareholders who cannot personally attend the meeting are requested to use the prescribed form of proxy and neturn it at least 5 working days prior to the date of the formouthnery General Meeting to the Corporation, c/o Fleming Fund Management Lunembourg S.A., L-2888 Lunembourg. By Order of The Board of Directors Capture Colling Secretary

#### LEGAL NOTICE

Ming Pao.

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF REALLY USEFUL HOLDINGS LIMITED AND IN THE MATTER OF

NOTICE IS HEREBY GRYEN has the Order of the High Count of Justice (Chancery Division) dated 2 November 1994 confirming the reduction of share capital of the above-maned Company from 16,600,000 to 1,000,000 and the Minute approved by the Court stowing with respect to the capital of the company as allowed the soveral particulars required by the Registers of Companies on 4th November 1994. DATED the 10th day of November 1994. Nabacon Nathanson.

OTICE IS HEREBY GIVEN that the Order of

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To Advertise Your Legal Notices Please contact Tina McGorman on +44 71 873 4842

Fax: +44 71 873 3064

FLEMING FLAGSHIP PORTFOLIO FUND Société d'Igresti 45, rue des Scillas L-2529 Howald Grand Duchy of Luxembeurg R.C. Luxembeurg No.B 39 25[

for investment in China.

and it owns five breweries

A year ago Mr Oei joined a

consortium of Asian business-

men who paid US\$10m for a 70

per cent interest in Myanmar International Airways - the

flag carrier of Myanmar (for-

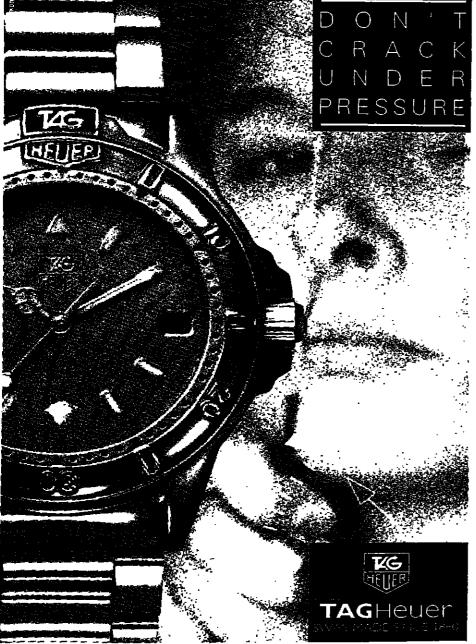
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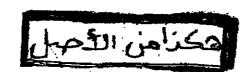
As the first Extraordinary General Meeting held on 27 October 1994 did not have the require SECOND EXTRAORDINARY GENERAL MEETING

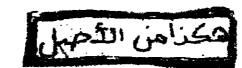
to be held at the Bumpean Bank & Business Contre, 6 routs do Trèves, L-2633 Sessaingests Grand Ducky of Laxembourg on 21 December 1994 at 10,15 z.m. with the following agen Amendment of Article 4 of the Articles of Association consequential to the change of the registered office from 45, rue des Scillas, L-2529 Howald, Grand Duchy of Laxembourg to European Bank & Business Centre, 6, route de Trèves, L-2633 Senningertung, Grand Duchy

order to be estitled to attend the meeting, holders of bearer shares must dep are cartificates five working days prior to the meeting with any of the follow









#### **INTERNATIONAL CAPITAL MARKETS**

### US Treasuries encouraged by inflation figures

4.85 per cent.

A £250m tranche of 8% per

cent gilt due 2005, one of four

tap stocks announced on Fri-day, was exhausted in the

afternoon, the Bank said. A

£100m tranche of 2% per cent

index-linked bonds due 2009

was exhausted on Wednesday.

point.

By Conner Middelmann in London and Lisa Bransten In New York

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US Treasury prices rose sharply yesterday morning after government figures on producer prices indicated a possible slowdown in inflationary pressures where economists had predicted an

increase. By midday, the benchmark 30-year government bond was up it at 93%, yielding 8.052 per cent. At the short end of the market, the two-year note was up & at 99%, to yield 6.977 per

Sparking the price gains was a labour department report that showed producer prices down 0.5 per cent for October, the same as in September. Most analysts had predicted

that October prices would lar added to positive sentiment increase 0.1 per cent.

"I think it is very good as far as inflation is concerned, but it is not the end of the story," said Ms Marilyn Schaja, a money market economist at brokerage Donaldson, Lufkin & Jenrette. In spite of the figures, she maintained her opinion

#### GOVERNMENT BONDS

that the Federal Reserve was likely to raise its interest rate target by 50 basis points next week at its open market committee meeting. However, she said the inflation news lowered the chance that the Fed would move to raise rates by as much

A strong showing by the dol-

in the bond markets. In early trading, the dollar pushed up to Y98.06 against the Japanese yen and DM1.536 against the D-Mark.

Europe's bond markets once again took their cues from Treasuries, and most of them posted moderate gains on the back of the US bond market's rise. However, turnover remained thin as market participants remained reluctant to increase their exposure ahead of Tuesday's FOMC meeting.

■ German bonds rose about ½ point in moderate volume in largely technical dealings. The December bund futures contract on DTB ended at 90.31, 0.33 point on the day, but drifted lower in after-hours trading on Liffe.

As expected, the Bundes- 2½ per cent index-linked stock 
Swedish bonds had another bank's central bank council due 2024 and a £250m tranche left official interest rates of 8% per cent stock due 2017 unchanged at yesterday's have not been sold out. meeting and set another two

rounds of securities repurchase French bonds underperagreements at a fixed rate of formed bunds, with their yield premium widening to 75 basis points from 69 on Wednesday. ■ UK gilts had a lacklustre In addition to position-squar-ing ahead of today's national session, closing slightly lower as the Bank of England's tap holiday, the weak franc issues kept a lid on prices. The weighed on bonds, dealers said. December long gilt future closed around 101%, down % Although the market is

likely to come under further pressure amid uncertainty over the May presidential elections, Mr Adrian James, bond market strategist at NatWest Markets recommends buying French bonds on weakness. However, "you've got to be prepared to take a six-month view to see value in the French market," The others, a £100m tranche of

strong day, lifted by a poll indicating that the supporters of European Union membership might hold a majority

after all. The yield on the benchmark 11-year bond fell 23 basis points to 11.20 per cent. With a large pool of voters still allegedly undecided, the outcome of Sunday's referendum remains unclear.

The markets still appear to be slightly biased towards a "yes" and are likely to experi-ence only a brief rally should it materialise.

However, a "no" could put heavy pressure on Sweden's

currency and bonds Traders said Sweden's yield spread over bunds could return to this year's high of around 500 basis points, from 376 at

### Russian chocolate maker raises \$30m

By Richard Lapper

International investors are to be offered the opportunity to invest directly in Krasny Oktyabr (Red October), the profitable Russian chocolate maker.

A public offer scheduled to take place later this month in three Russian cities was open to local investors and foreigners, said Mr Richard Oliver, associate director with Samuel Montagu, one of the western firms involved.

The project, sponsored by the British government's Know How fund and the Russian Securities and Exchange Com-mission, aims to raise up to \$30m through the offer to be launched in Moscow, St Petersburg and Ekaterinburg. About 55 per cent of the company's shares are being sold priced at About 20 per cent of the

strategic investors, such as western companies with an interest in the foods sector. But the issue will be targeted at a wide range of investors, but we want to get "retail investors involved," said Mr Oliver.

A number of specialist Russian funds, formed over the past 18 months, are expected to take some of the equity. These have been the most popular means of investing although earlier this month international trading began in the shares of RSNG, the large oil and gas construction company, following the successful place-ment of about \$25m of paper with international investors.

Mr Oliver said Krasny's smaller and well-defined business was much easier to value than the large energy- and oilrelated concerns interesting western investors.

### **Borrowers continue issuance with short maturities**

**By Martin Brice** 

The euromarkets saw a small number of issues yesterday, mainly with a short maturity and targeted at retail investors, although some syndicate managers reported large purchases by institutions.

Issuance is expected to decline until after the Federal Open Market Committee meeting on Tuesday. Syndicate managers suggested the Republic of Italy might wait to see the impact of the FOMC meeting on US interest rates before issuing its long-awaited Y400bn bond, which could come in three tranches; a three-year, a 20-year, and a tranche of between six and 10

years. In the US dollar sector, the largest deal yesterday was the Republic of Austria, which brought a \$200m bond via Lehman Brothers, which said the strong name had stimulated very strong European retail demand. "I've had syndicate

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

managers coming out of the Switzerland for 70 years, via woodwork trying to get into this deal," said a Lehman offi-

cial. Norddeutsche Landesbank brought a \$150m bond via Paribas Capital Markets, which said the offering had been greeted with solid demand in Switzerland and Belgium, as

#### INTERNATIONAL BONDS

well as Germany and southeast Asia. Some UK institutions had bought the bonds, which were given a 13-month first coupon to help the borrower effect a swap.

The first Argentine corporate borrower since the Republic of Argentina brought its \$500m global deal last month braved the euromarkets yesterday. Yesterday's bond came from Astra Compania Argentina de Petrolio, the Argentine oil and gas group which has been listed on the stock market in

Swiss Bank Corporation which reported strong demand, some of it from US institutions. The bonds came at 412 basis points over US Treasuries. The Republic's bonds were brought to market at a spread of around 350 basis points over US Treasury bonds, and by yesterday had widened out to around 366 basis points over.

Banco Nacional, the Brazilian bank, brought an \$80m bond via Citibank which targeted the offering at retail Swiss. US. Latin American and Asian investors. The deal had been talked about as a \$75m bond but was increased to \$80m. When freed to trade, the bonds tightened by one basis point Two issuers each brought

£100m sterling deals. Portman Building Society, the UK's 14th largest, via BZW which said the deal offered an alternative to expensive paper in the secondary market.

Landesbank Schleswig-Hol-

Borrower	Amount m.	Coupon %	Price	Meturity	Fees %	Spread bo	Book runner
US DOLLARS						-	
Republic of Austria(a)	200	7.25	100A	Jan. 1997	Q.125R		Lehman Bros. Intl.
Norddeutsche Landesbank	150	7.25	99.79R	Dec.1996	0.175R		Paribas Capital Mics.
Astra Argentina de Petrollo	100	11.5264	99.625R	Dec.1999	0.875R	+412(77 <del>/1/1/-0</del> 9)	
Rabobenk Nederland <b>o</b> Banco Nacional	100 80	4.00 11.0#	100R 99.512R	Dec.1997 Nov.1997	Q.188R	+385(7%%-97)	Morgen Stenley Intil. Citihank Inti.
STERLING						100_1-10-10-17	
o i eriuma LB <b>Schleswig-Hol</b> stein	100	8.0	99.737R	Dan 1000	4	. 05 11801 000	LINDO Las Asses
Portmen B/S(b)t	100		99.85R	Dec.1996 Dec.1997	0.15A 0.125A	+53 (1036-80)	HSBC Markets
	100	<u>(b)</u>		DGC 1897	ų izan		BZW
Canadian Dollars					_		
Bk. Nederfandse Gemeenten	150	8.0	100.176FL	Dec. 1996	0.125R	+10 (7%%-96)	ScotlaMcleod
AUSTRALIAN DOLLARS							
ABN Antro Australia	100	10.125	101.41	Dec.1997	1.50	+15 (c)	ABN Amo
Council of Europe	100	9.625	101.06	Dec.1996	1.25	***	BZW
SWISS FRANCS							
European Investment Ek.	200	5.625	102.75	Dec.2002	_	_	SBC Zurich
City of Vienna	200	5.375	102.35	Dec.1987	_	•	Credit Sukse
-47							0.000

stein brought a £100m bond through HSBC Markets, which reported strong demand with blocks of £5m and £7m being sold to institutions attracted by the highly-rated name.

In the Australian dollar sec-

tor, ABM Amro Australia A\$100m bond through BZW. brought a A\$100m bond through ABM Amro, which reported strong demand with one block of A\$25m going to a lit is expected to be a \$100m buyer in the Netherlands. The issue with a 10-year maturity

Price Indices

Up to 5 years (24) 2 5-15 years (23) 3 Over 15 years (8)

Up to 5 years (2)

Over 5 years (11)

Debentures and Loans

9 Debs & Loans (77)

UK GRES

FT-ACTUARIES FIXED INTEREST INDICES

Thur Nov 10

119.62

139.10 155.89

185.95 173.62

Day's change %

+0.05

+0.52

+0.03 +0.06 +0.06

Wed Nov 9

119.56

138.98 155.82

174.94

185.89 173.51

+0.20 127.74

Syndicates are expecting the first convertible bond to emerge from Brazil this month. Council of Europe issued a from a highly-rated company.

0.54 0.98 0.94

App App Xq Sqf

9.83 5 yrs 11.49 15 yrs 10.87 20 yrs 13.47 kred.†

#### IFC guarantees Russian facility for first time

By Richard Lapper

The International Finance Corporation yesterday approved a guarantee of up to \$10m for the Russian Trade Enhancement Facility, a new facility that will partially guarantee the credit risk of Russian banks engaged in trade finance.

The facility, the first of its type to be supported by the International Finance Corporation is expected to guarantee up to \$2.4bn of Russian trade.

Nov 10 Nov 9 Yr. noo

ABN AMRO, the Dutch bank, is co-guaranteeing the facility and will match, dollar for dollar, the corporation's exposure on each transaction.

8.54

#### FT-Actuaries Fixed Interest **Indices**

The FT-Actuaries Fixed Interest Indices Committee has decided to cease the calculation and publication of the Debenture and Unsecured Loan Stock Index from December 31 1994. The main reason for this decision is that changes in the structure of the market have reduced the number of liquid stocks with an adequate range of maturity dates. The committee feels as a result that the integrity of the Debenture and Unsecured Loan Stock Index can no longer be guaranteed.

Investors in debenture and unsecured loan stocks will find a variety of indices of this sector of the market calculated by leading market makers.

Nov 10 Nov 9 Yr, ago

2.96 3.69

--- Low coupon yield --- -- Medium coupon yield --- -- High coupon yield --- Nov 10 Nov 9 Yr. ago Nov 10 Nov 8 Yr. ago Nov 10 Nov 9 Yr. ago

8.57 8.11 8.60 8.61 7.07 8.75 8.77 8.51 8.38 8.63 8.64 7.19 8.87 8.88 8.48 8.49 8.63 8.64 7.39 8.78 8.79 8.57 7.26

9.63 9.66 7.33 9.59 9.61 8.15 9.55 9.57 8.29

### \* Yen Zealar iputer group

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Bank complete

· 342-

Australia		Coupon	Date	Price		West ago		(CILLE)		100ths of			<del></del> -		
Belgium		9.000 7.750	09/04 10/04	90,4000 96,4400		0.59 10.57 8.29 8.58		•	Open	Sett price	Change	High	Low	Est, voi	Open to 52696
Canada "		6.500	06/04	83,5500	+0.200	9.12 9.19	8.92	Dec Mar	101.05 100.00	101.44 100.28	+0.27 +0.27	101.58 100.30	100.90 99.90	36148 300	9137
Denmark		7.000	12/04	87,6000		8.91 9.04				.,			4		
France	OAT OAT	8.000 5.500	05/98 04/04	101,8750 83,0100		7.47 7.84 8.14 8.35		# STALIA	N GOVT. BI	OAED (BTP) (	RITURES	OPTIONS	0.1FFEB Lies	200m 100t	hs of 100
Germany 1		7.500	09/04	100,1800	+0.320	7.47 7.64		Strike		CAL			<del></del>	PUTS -	
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Japan Japan	No 184	4.100	12/03	95.8680		1,75 4.68	4.79	10100		.94	1.96		0.50	:	2.68
Vetherland		7.250	10/04	98.2000	+0.280	7.61 7.66		10150		L85	1.75		0.71		2.97
Spolin Lik Gilts		8.000 6.000	06/04 08/99	81,6500 90-11		1.21 11.30 1.50 8.57	10.86 8.38	10200	_	143	1.55		0.99		3.27
ON GILLS	-	6,750	11/04	87-17		8.63 8.69		Fer Apr Cor	M, C885 2500	Puts 1379, P	TEVIOUS CRY	a oben mr	(ABS 22308	LANS SIBIO	
		9.000	10/08	103-08		8.60 8.65									
US Treasu	ry "	7.260 7.500	08/04 11/24	95-18 93-24		7.91 7.96 8.06 8.10									
ECU (Fren	ch Gavi	6.000	04/04	83.9400		8.54 8.71		Spain							
London clos	ing. "New Yo	k raid-day					riet standard.	-	NAL SPANI	SH BOND F	UTURES (	MEFF			
† Gross fin Prices: LIS.	ducting within UK in 32mgs	aiding tex at others io di	125 per o scienti	ent payable	by nonnaide	nia) Source: MA	S international		Open	Sett price		High	Law	Est. vol.	Open In
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) El	109.02	109.48	+0.38	109.44	109.02	108	8,090	103		-14	1-07		1-42		-23
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				CATAMO (S)											
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Strice Price 118 111 112 113 114 int. vol. tota	Dec 1,34 0,85 0,24 0,06 0,03 4, Calle 41,95	GAI 1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.	LS	Tru	0.21 0.54 1.18 1.98 - cen int., Cada	Dec 1.51 - 2.58 - - 304,159 Pub	- - - - - - - - - - - - - - - - - - -	Dec US	Open 80.70 EASURY BO	Sett price 80.98 MD FUTUR	Change +0.26 = +0.26	81.08 100,000 3	80.60 2nds of 100	2,029	6,583
Strice Price 118 111 112 113 114 int. vol. tota	Dec 1,34 0,85 0,24 0,06 0,03 4, Calle 41,95	GAI 1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.	LS	Jun -	0.21 0.54 1.18 1.98 	Dec 1.51 2.58 - 304,159 Pus	- - - : 281,809.	Dec US TRI	Open 80.70 EASURY BO Open	Sett price 80.98 ND FUTUR	Change +0.26 ES (CST) \$	61.06 100,000 3	80.60 2nds of 100 Low	2,029 0% Est. vol.	6,583 Open in
Notice 110 111 12 13 14 ist. vol. tota	Dec 1.34 0.85 0.25 0.06 0.03 4, Cala 41,95 Key (AL, GJERMA)	CAI 1. 1.2 1. 1.2 1. 0.5 1. 0.5 1. 0.5 2. 0.5 3. 0.5 4. 0.5 4. 0.5 5. 0.5 6. Puts 30,4 AM BURD I	LIS	Pillon (1997), C	0.21 0.54 1.18 1.98 	2.58 2.58 304,159 Pus 600ths of 10	281,806. 0% Open Int.	Dec US TRE	Open 80.70 EASURY BC Open 97-05	Sett price 80.98 NID FUTUR Latest 97-21	Change +0.26 ES (CST) \$ Change +0-15	81.08 100,000 3 High 97-22	2nds of 100 Low 96-26	2,029 0% Est. vol. 451,725	6,583 Open in 385,940
Strikes Price 110 111 112 113 114 See vol. tota Georman	Dec 1,34 0,85 0,24 0,06 0,03 1, Cala 41,85 Tay AL GEPMA Open 88.83	CAI : Mi 1.2 1.3 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0	LS	Jun  Gus day's of  High  90.63	0.21 0.54 1.18 1.98 	Dec 1.51 - 2.58 - 304,159 Pus 100ths of 10 Est. vol 165040	281,808. 0% Open int. 189568	Dec US TRI	Open 80.70 EASURY BO Open	Sett price 80.98 ND FUTUR	Change +0.26 ES (CST) \$	61.06 100,000 3	80.60 2nds of 100 Low	2,029 0% Est. vol.	Open in 6,583  Open in 385,940 43,289 11,708
itrites hips hips hips hips hips hips hips hip	Dec 1.34 0.85 0.25 0.06 0.03 4, Cala 41,95 Key (AL, GJERMA)	CAI 1. 1.2 1. 1.2 1. 0.5 1. 0.5 1. 0.5 2. 0.5 3. 0.5 4. 0.5 4. 0.5 5. 0.5 6. Puts 30,4 AM BURD I	LIS	Pillon (1997), C	0.21 0.54 1.18 1.98 	2.58 2.58 304,159 Pus 600ths of 10	281,806. 0% Open Int.	Dec US R US TRE	Open 80.70 EASURY BC Open 97-05 96-10	Sett price 80.98 MD FUTUR Latest 97-21 97-01	Change +0.26 ES (CST) \$ Change +0-15	81.08 High 97-22 97-01	2nds of 100 Low 96-26 96-08	2,029 0% Est. vol. 451,725 10,109	6,583 Open in 385,940 43,289
Strikes Price 110 111 112 113 114 See vol. tota Georman	Dec 1,34 0,85 0,24 0,06 0,03 1, Cala 41,85 Tay AL GEPMA Open 88.83	CAI : Mi 1.2 1.3 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0	LS	Jun  Gus day's of  High  90.63	0.21 0.54 1.18 1.98 	Dec 1.51 - 2.58 - 304,159 Pus 100ths of 10 Est. vol 165040	281,808. 0% Open int. 189568	Dec US R US TRE	Open 80.70 EASURY BC Open 97-05 96-10	Sett price 80.98 MD FUTUR Latest 97-21 97-01	Change +0.26 ES (CST) \$ Change +0-15	81.08 High 97-22 97-01	2nds of 100 Low 96-26 96-08	2,029 0% Est. vol. 451,725 10,109	6,583 Open in 385,940 43,289
itrites hips hips hips hips hips hips hips hip	Dec 1,34 0,85 0,25 0,05 0,03 4, Calle 41,95 Ng/ MAL GERMA Open 89.83 88.97	GAI 1.1.3 1.2.3 1.3.3 0.1.3 0.2.3 6 Puts 30.4 AM BUND 1 Sett price 90.37 89.47	LS	Jun Gus day's or GUFFE) D High 90.53 89.55	0.21 0.54 1.18 1.98 000 int., Calla 0M250,000 1 1.0W 89.81 88.92	Dec 1.51 2.58 - 304,159 Pus 100ths of 10 Est. vol 165040 4989	281,808. 0% Open int. 189568	Dec US TRI	Open 80.70 EASURY BC Open 97-05 96-10	Sett price 80.98 MD FUTUR Latest 97-21 97-01	Change +0.26 ES (CST) \$ Change +0-15	81.08 High 97-22 97-01	2nds of 100 Low 96-26 96-08	2,029 0% Est. vol. 451,725 10,109	6,583 Open in 385,940 43,289
Strike Price 110 111 112 113 114 Set vol. tota Generation E MOTION	Dec 1,34 0,85 0,25 0,05 0,03 4, Calle 41,95 Ng/ MAL GERMA Open 89.83 88.97	GAI 1.2 1.2 1.3 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0	LS	Jun Gus day's or GUFFE) D High 90.53 89.55	0.21 0.54 1.18 1.98 	Dec 1.51 2.58 - 304,159 Puis 600ths of 10 Est. vol 165040 4989	281,808. 0% Open int. 189568	Dec US R US TRE	Open 80.70 EASURY BC Open 97-05 96-10 95-22	Sett price 80.98 MD FUTUR Latest 97-21 97-01	Change +0.26 ES (CST) \$ Change +0-15 +0-15	81.08 6100,000 3 High 97-22 97-01 98-14	2nds of 100 Low 96-26 96-08 95-22	2,029 0% Est. vol. 451,725 10,109 329	6,583 Open in 385,940 43,289
Strike Price 120 121 121 121 123 134 144 154 156 160 160 160 160 160 160 160 160 160 16	Dec 1,34 0,85 0,25 0,05 0,03 4, Calle 41,95 Ng/ MAL GERMA Open 89.83 88.97	GAI 1.1.3 1.2.3 1.3.3 0.1.3 0.2.3 6 Puts 30.4 AM BUND 1 Sett price 90.37 89.47	LS	Jun	0.21 0.54 1.18 1.98 000 int., Calla 0M250,000 1 1.0W 89.81 88.92	Dec 1,51 2,58 - 304,159 Post 100ths of 10 Est. vol 165040 4989	281,808. Open int. 189,568 23468	Dec US IN US TRI	Open 80.70 EASURY 80 Open 97-05 96-10 95-22	Sett price 80.98 SNID FUTUR Latest 97-21 97-01 96-13	Change +0.26 ES (CST) \$ Change +0-15 +0-15	81.08 6100,000 3 High 97-22 97-01 98-14	2nds of 100 Low 96-26 96-08 95-22	2,029 0% Est. vol. 451,725 10,109 329	6,583 Open in 385,940 43,289
Strike Price 119 111 112 113 114 Sit, vol. tota B MOTION Dec	Dec 1,34 0,66 0,24 0,00 0,02 1, Cale 41,85 MAL GERMA Open 88.83 88.97	GAI 1.2 1.3 1.3 1.3 1.3 1.3 1.3 1.3 1.3 1.3 1.3	LS	Jun	0.21 0.54 1.18 1.98 1.98 1.98 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.0	Dec 1.51 2.58 - 304,159 Puls i00ths of 10 Est. vol 165040 4889	281,806. Open Int. 189568 23458	Dec US IN US TRI	Open 80.70 EASURY 80 Open 97-05 96-10 95-22	Sett price 80.98 MD FUTUR Latest 97-21 97-01 96-13	Change +0.26 ES (CST) \$ Change +0-15 +0-15	81.08 6100,000 3 High 97-22 97-01 98-14	2nds of 100 Low 96-26 96-08 95-22	2,029 0% Est. vol. 451,725 10,109 329	6,583 Open in 385,940 43,289
Strike Price	Dec 1,34 0,66 0,24 0,06 0,02 0,02 0,02 0,02 0,02 0,02 0,02	GAI 1.2. 1.3. 1.3. 1.3. 1.3. 1.3. 1.3. 1.3.	LS	Jun	0.21 0.54 1.18 1.98 1.98 0M250,000 1 1.0W 89.81 88.92 0ints of 100 0ints of 100 1.20 0ints of 100 1.20 1.03	Dec 1.51 2.58 - 304,159 Puts 600ths of 10 Est. vol 165040 4989	281,808.  Open Int. 189568 23468  Mer 1.85	Dec US TRI Dec Mar Jun Japan E NOTION (LIFFE)	Open 80.70  CASURY BC  Open 97-05 96-10 95-22  NAL LONG Y100m 100  Open 107.57	Sett price 80.98 SMD FUTUR Latest 97-21 97-01 96-13	Change +0.26 ES (CST) \$ Change +0-15 +0-15 ANESE GO	81.08 6100,000 3 High 97-22 97-01 96-14 DVT. BON High 107.89	2nds of 100 Low 96-26 96-08 95-22 D FUTURE	2,029 0% Est. vol. 451,725 10,109 329 Est. vol. 1853	Open in 385,944 43,289 11,708
Strike Price 110 111 112 113 114 124 135 144 155 140 156 166 166 166 166 166 166 166 166 166	Dec 0.77 0.50 0.91	GAI 1.2 1.2 1.2 1.3 1.3 1.3 1.3 1.3 1.3 1.3 1.3 1.3 1.3	LS	Jun	0.21 0.54 1.18 1.98 1.98 1.98 1.00 1.00 1.00 89.81 88.92 0.61 0.62 0.61 0.62 0.61 0.62 0.63 0.64 0.64 0.64 0.65	Dec 1.51 2.58 - 304,159 Puts 600ths of 10 Est. vol 165040 4989	281,806. Open Int. 189568 23468 Mer 1.85 1.95	Dec US TRI Dec Mar Jun  Japan  NOTION (LEFTE)	Open 80.70  EASURY BC Open 97-05 98-10 95-22  MAL LONG Y100m 100 Open 107-57 106.85	Sett price 80.98 SMD FUTUR Latest 97-21 97-01 96-13	Change +0.25 ES (CST) \$ Change +0.15 +0.15 AMESE G	81.08 F100,000 3 High 97-22 97-01 96-14 DVT. BON High 107.89 106.98	2nds of 100 2nds of 100 96-26 96-08 95-22 D FUTURE Low 107-57 108.85	2,029  0%  Est. vol.  451,725 10,109 329  Est. vol.  1653 762	6,583 Open in 385,940 43,289 11,708

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-	El profes		ND OP	HONE.				l	Open	Sett price	Change	High	LOW	Est. vol	Open k
7	-VIUN	P CO	TO UT					i Dec Mer	101-14 100-21	101-18 160-24	-0-01 -0-01	101-28 161-00	101-10 100-19	69686 585	10336 1106
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TICI		OH BON	PUTURES	(MATIF)				# LONG	GILT FUTU	RES OPTIO	us (Liffe)	£\$0,000 B	4ths of 100	1%	
-	Open	Sett pr	ice Chang	e High	Low	Est. vol.	Open Int.	Strike		CAL				PUTS -	
	110.64	111.1	4 +0.38	111.18	110.56	167,337	132,315	Price		Dec	Mar		Dec		Mar
	109.86	110.3		110.28		5,548	12,898	101 102		-04 -33	1-60 1-32		0-32 0-61		?-12 ?-48
	109.02	109.4	8 +Q.38	109.44	109.02	106	8,090	108		-33 1-14	1-07		1-42		 1-23
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NG 1	TERM FRE	NCH BO	ND OPTION	ES (MATE)											
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	Dec	2	Маг	Jun .	Nov	Dec	Mar	EÇU							
	1.3		1,86	-	0.21	1.51	-	ECU B	OND FUTUR	NES (MATIF)					
•	0.60		1.35 0.90	-	0.54 1.18	2.58	-		Open	Sett price	Chance	High	Low	Est vol.	Open in
	0.24		0.90 0.60	-	1.98	-		Dec	80.70	80.98	+0.26	81.0B	BD.60	2,029	6,583
:	0.00		0.37	-	-	-	-	200				J		-,020	-,,
ر طور				ous day's oc	en int., Caile	304,159 Puts	281,80£								
								US							
-	nev .								EASURY BO	אט דיניות	ES (CST) S	\$100,000 3	2nds of 100	3%	
~~	141 VEDA.		D FININGS	S (LIFFIEN D	M250,000 1	COtths of 100	1%		Open	Latest	Change	High	LOW	Est. vol.	Open is
<b>P.</b>					_	_	Open Int.	Dec	97-05	97-21	+0-15	97-22	96-26	451.725	385.94
	Open	Sett pri	_	_	Low	Est. Vol 165040	189565	Mar	96-10	97-01	+0-15	97-01	96-08	10,109	43,289
	89.83	90.37	+0.36	90.53 89.55	89.81 88.92	165040 4989	184566 23468	Jun	95-22	96-13	-	96-14	95-22	329	11,70
-	88.97	89.41	+0.40	<i></i>	-D.DE	7500	20-700			-					
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D P	UTURES C	PTION	(LIFTE) DM	250,000 pc	aints of 1009	6		Japan							
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	Dec 0.77	Jen .	Feb		Dec Ja	PUTS	Mer 1.65	E NOTIO	Y100m 100	ths of 100%					Open in
	0.77 0.50	Jen . 0.85 0.47	Feb 0.90 0.70	1.06 0 0.86 0	L40 1.24 L63 1.56	PUTS	1.65 1.95	E NOTIO				OVT. BONI High 107.69	Low 107-57	Est. vol 1853	Ō
						PUTS		E NOTIO				OVT. BONI	D FUTURE	3	
	0.77 0.50	Jen . 0.85 0.47	Feb 0.90 0.70	1.06 0 0.86 0	L40 1.24 L63 1.56	PUTS	1.65 1.95	E NOTIO (LIFFE)	Y100m 100 Open	ths of 100%		High 107.69	Low 107-57	Est. vol 1653	Ō
	0.77 0.50 0.51	Jen . 0.85 0.47 0.33	Feb 0.90 0.70 0.54	1.06 0 0.86 0 0.88 0	.40 1.24 1.63 1.56 1.94 1.92	PUTS	1.65 1.95 2.27	E NOTIO (LIFFE)	Y100m 100 Open	ths of 100%		High	Low	Est. vol	•
Total	0.77 0.50 0.51	Jen . 0.85 0.47 0.33	Feb 0.90 0.70 0.54	1.06 0 0.86 0 0.88 0	L40 1.24 L63 1.56	PUTS	1.65 1.95 2.27	IL NOTICE (LEFFE) Dec Mar	Y100m 100 Open 107.57 106.85	ths of 100%	Change -	High 107.69 106.98	Low 107-57 106-85	Est. vol 1853 762	Ō
·	0.77 0.50 0.51	Jen . 0.85 0.47 0.33	Feb 0.90 0.70 0.54	1.06 0 0.86 0 0.88 0	.40 1.24 1.63 1.56 1.94 1.92	PUTS	1.65 1.95 2.27	IL NOTICE (LEFFE) Dec Mar	Y100m 100 Open 107.57 106.85	Close	Change -	High 107.69 106.98	Low 107-57 106-85	Est. vol 1853 762	Ō
Total	0.77 0.50 0.51	Jen . 0.85 0.47 0.33	Feb 0.90 0.70 0.54	1.06 0 0.86 0 0.88 0	.40 1.24 1.63 1.56 1.94 1.92	PUTS	1.65 1.95 2.27	IL NOTICE (LEFFE) Dec Mar	Y100m 100 Open 107.57 106.85	Close	Change -	High 107.69 106.98	Low 107-57 106-85	Est. vol 1853 762	Ō
	0.77 0.50 0.51 1, Colls 2980	Jen 9.85 9.47 9.33 1 Puts 16	Feb 0.90 0.70 0.54 eso. Previous	1.06 0 0.86 0 0.88 0	.40 1.24 1.63 1.56 1.94 1.92	PUTS	1.65 1.95 2.27	IL NOTICE (LEFFE) Dec Mar	Y100m 100 Open 107.57 106.85	Close	Change -	High 107.69 106.98	Low 107-57 106-85	Est. vol 1853 762	Ō
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	0.77 0.50 0.51 1, Colls 2980	Jen . 0.85 0.47 0.33 1 Puts 16	Feb 0.90 0.70 0.54 950. Previous	1.08 0 0.86 0 0.88 0 0.88 0 day's open	1.24 1.63 1.54 1.94 1.92 1.12, Carlo 297	PUTS	1.65 1.95 2.27 500	Dec Mar  * LIFFE con	Y100m 100 Open 107.57 106.85 tracts traded of	Close Close - on APT. All O	Change -	High 107.69 106.98 16gs. are for	Low 107-57 106-85 r previous de	Est. vol 1853 762 v.	1994
Gi	0.77 0.50 0.51 , Cains 2980 LTS P	Jen	Feb 0.90 0.70 0.54 950. Previous	1.08 0 0.86 0 0.88 0 0.88 0 day's open	.40 1.24 L83 1.56 L94 1.92 Int., Calls 287	PUTS	1.65 1.95 2.27 600	Dec Mar  LETTE con  LETTE con	Y100m 100 Open 107.57 106.85 tracts traded of	Close Close APT. All O	Change	High 107.69 106.98 10gs. are for	Low 107-57 106.85 r previous de	Est. vol 1853 762 v.	0
Gi	0.77 0.50 0.51 , Cains 2980 LTS P	Jen	Feb 0.90 0.70 0.54 950. Previous	1.06 G 0.86 G 0.68 G day's open	1.24 1.53 1.54 1.94 1.92 1.92 1.92 1.92 1.92 1.92 1.92 1.92	PUTS	1.65 1.95 2.27 600	Dec Mar LIFFE con Red Pice \$ 738 736 873 1054	Y100m 100 Open 107.57 106.85 hacts traded of the correction of th	Cices Cices APT. All Cices S94 Low 694, indis-	Change	High 107.69 106.98 10gs. are for Notes (1	Low 107-57 106.85 r previous de	Est. vol 1853 762 v.	1994 1995 L 2035 18
Gi Lines	0.77 0.50 0.51 , Calls 2990	Jen	Feb 0.90 0.70 0.54 esc. Previous	1.06 0 0.86 0 0.68 0 day's open	1.24 1.55 1.94 1.94 1.92 1.92 1.994 1.099	PUTS	1.65 1.95 2.27 600 Notes int 4_ 4.76 M_ 2.04	Dec Mar LIFFE con Rad Pice 8: 7.28 73-2 8.73 105-4 8.83 87-2 An	Y100m 100 Open 107.57 106.85 macts traded of + or — High + 4 1254 + 1254 + 1651	Cices Cices APT. All Co	Change	High 107.89 106.98 16gs. are tor Notes (1	Low 107-57 106-85 r previous de 11 (2) Pric	Est. vol 1853 762 v.	0 0 1994 1995 L 2035 18
leen 1993	0.77 0.50 0.51 , Cain 2980 LTS Di Notes	Jen	Feb 0.90 0.70 0.54 950. Previous	1.06 0 0.86 0 0.88 0 0.88 0 day's open	1.24 1.83 1.54 1.94 1.94 1.94 1.95 1.95 1.95 1.95 1.95 1.95 1.95 1.95	PUTS	1.65 1.95 2.27 600 Moles int 4_ 4.76 M - 9.04 - 7.71	Dec Mar - LIFFE con Red Pice 2 - 7.28 734 8.73 1054 8.83 87341 8.83 994	Y100m 100 Open 107.57 106.85 tracts traded ( + ar - High + 3 85点 + 点 125点 + 点 105点	Cices	Change  Change	High 107.69 106.98 109. are for Notes (1 64 67.9 2.6 (135.6) 2.6 (135.6) 2.6	Low 107-57 107-57 108-85 108-8	Est. vol 1853 762 v.	0 0 1994 1996   2035   1135   11756
1995 - 1995	0.77 0.50 0.51 1, Cata 2000 LTS P: Noise 10 In Rive Ye	100 100 100 100 100 100 100 100 100 100	Feb 0.90 0.70 0.54 950. Previous d — 100 å.10 5.71 101 4 5.78 869 2.41 102 å.41	1.06 0 0.86 0 0.88 0 0.88 0 day's open	1.24 1.54 1.54 1.94 1.94 1.94 1.94 1.92 1.93 1.93 1.93 1.93 1.93 1.93 1.93 1.93	PUTS — Feb 1 1.49 3 1.79 2 2.13 721 Puts 229 3 3 2st 1939 mins 9 252 200 6 5 200 200 411 252 200 5 3 2 200 5 200 5 200	1.65 1.95 2.27 600 Moles in 4_ 4.76 4_ 4.76 4_ 2.04 	NOTION   LEFTE	Y100m 100 Open 107.57 106.85 tracts traded + ar − High + à 1954 + à 1954 + à 1954 + à 1254 + à 1254	Cione Cione	Change  Change	High: 107.69 106.98 figs. are for figs. are figs. are for figs. are figs. ar	Low 107.57 108.85 r previous de 137.7 143.84 1 3.84	Est. vol 1853 762 v.	0 0 1994 1996   2035   1135   11756
1995 1995 1995	0.77 0.50 0.51 , Cain 2980 LTS Di Notes	160 160 160 160 160 160 160 160 160 160	Feb 0.90 0.70 0.54 950. Previous 6 100 3 101 4 102 5 1 100 3 101 4 102 5 1 102	1.06 0 0.86 0 0.88 0 dely's open or - High 	1.24 1.83 1.54 1.84 1.54 1.84 1.54 1.84 1.82 1.84 1.82 1.84 1.82 1.84 1.82 1.84 1.84 1.84 1.84 1	PUTS	1.65 1.95 2.27 500 Notes int 4_ 4.76 M _ 9.04 _ 7.91 _ 8.59 _ 9.01	Dec Mar - LIFFE con - Rad Price 8 - 7.38 734 8.23 7054 8.83 974 8.89 984 8.99 10512 8.99 10512	Y100m 100 Open 107.57 106.85 tracts traded ( +	Cione	Change  Change	High 107.88 108.88 1 fgs. are for 160.85 (165.9 20.78.1) 34 (78.9) 25 (78.9) 35 (78.9) 35 (78.9) 35 (78.9) 35	Low 107.57 106.85 providus de 1) (22 Prix 23 Prix 23 Prix 23 1.86 16 16 16 16 16 16 16 16 16 16 16 16 16	Est. vol 1853 762 w. 200 +1 107 107 +1 1082 +1 1084 +1	0 0 1994 113,5 16 1735, 11 1735, 11 1735, 11
1995 1995 1995	0.77 0.50 0.51 0.51 0.625 2000 United States of the States	0.85 0.47 0.47 0.47 0.47 0.47 0.47 0.47 0.47	Feb 0.90 0.70 0.70 0.54 950. Previous 5.71 1014 5.78 889 6.41 102.4 102.5 107.	1.06 0.86 0 0.88 0 0.58 0 0.59 open day's open day's open day's open day's open 1074 -1 1074 -1 1174 -1 1174	1.24 1.63 1.54 1.94 1.54 1.94 1.54 1.94 1.74 1.95 287 1.95 287 1.9	PUTS — Feb 1 1.49 3 1.79 2 2.13 721 Puls 229 103 3 2pc 1939 mion 9 2pc 200 6 2pc 2004 11.29c 2003 12 2pc 2003	1.65 1.95 1.95 2.27 660 Moles int 4. 4.76 M. 9.04 7.71 8.01 10.30 8.01 10.30	NOTION   LEFTE	Y100m 100 Open 107.57 106.85 tracts traded ( + 本 - 出版) + 本 125点 + 本 125点	Cices  Cices  Cices  APT. All O  GRAPT. All	Change	High 107.69 106.98 fgg. are for fgg. are	Low 107.5 106.85 106.85 107.10	Est. vol 1853 762 w. 200 +1 107 107 +1 1082 +1 1084 +1	0 0 1994 113,5 16 1735, 11 1735, 11 1735, 11
1995 1995 1995 1995 1995 1995	0.77 0.50 0.91 0.01 0.02 100 100 100 100 100 100 100 100 100 1	0.55 0.47 0.33 1 Page 16 12 12 13 13 13 13 13 13 13 13 13 13 13 13 13	Feb 0.90 0.70 0.54 950. Previous 6 100 5.00 6.71 101 5.78 959 6.83 107 12 7.16 111 7.26 108 5.00 117 12 12 12 12 12 12 12 12 12 12 12 12 12	1.06 0.86 0 0.88 0 0.88 0 day's open or - light 	1.24 1.54	PUTS — Feb 1 1.49 1 1.79 2 2.13 721 Pubs 229 103 Sept 1999- mion 95-20 200 65-pp 2004#1 202 2005 121-200 2005 121-200 2006 121-200 2006 121-200 2006 121-200 2006 121-200 2006 121-200 2006 121-	1.65 1.95 2.27 600 Moles int 4_ 4.76 4_ 7.71 4.59 9.01 10.30 8.27	NOTION   LEFFE	Y100m 100 Open 107.57 106.85 tracts traded 15 85.5 +2 125.6 +2 125.6 +2 125.6 +3 1121, +3 1115, +1 1115,	Cione Cione	Change	High 107.69 106.88 1 fgs. are to 107.93 21.135.9	Low 107.57 106.85 provious de 10	Est. vol 1853 762 W	0 0 0 1994 113,5 113,5 1755 118,5 18,1 184,5 184,5 184,5 186,5 187,5 187,5 186
67 1995 1995 1995 1995 1906 170	0.77 0.50 0.51 1, Calls 2980 LTS P! Notes	Jen 0.85 0.47 0.33 1 Pos 16 16 15 16 15 16 16 16 16 16 16 16 16 16 16 16 16 16	Feb 0.90 0.70 0.54 950. Previous 6 5.71 1014 5.77 889 6.41 102 6.83 105 7.16 1114 7.26 105 7.16 1114 7.26 105 7.16 1114 7.26 105 7.16 1114 7.26 105 7.16 1114 7.26 105 7.16 1114 7.26 105 7.16 1114 7.26 105 7.16 1114 7.26 105 7.16 1114 7.26 105 7.2	1.08 0.86 0 0.86 0 0.86 0 dely's open dely's open 10.18 10.78	1.24 1.58 1.54 1.54 1.54 1.54 1.54 1.54 1.54 1.54	PUTS	1.65 1.95 1.95 2.27 600  Moles int 4. 4.76 4. 9.04 7.71 8.59 8.27 9.01 10.17 10.17	NOTION   LEFTE	Y100m 100 Open 107.57 106.85 tracts traded ( + 本 - 出版) + 本 125点 + 本 125点	Cices  Ci	Change	High 107.69 106.88 169. are to 107.69 116.88 1169. are to 107.69 117.69	Low 107.57 106.85 provious de 110.85 provious de 11	Est. vol 1853 762 8	1994 1995 113,5 11 113,5 12 1184; 11 184; 11 184; 11 184; 11 175,5 15 145; 12 145; 12
67 1995 1995 1995 1995 1906 170	0.77 0.50 0.91 0.01 0.02 100 100 100 100 100 100 100 100 100 1	1.0.85 0.45 0.33 1 Puts 16 12 Puts 16 16 16 16 16 16 16 16 16 16 16 16 16 1	Feb 0.90 0.70 0.54 950. Previous 1 100 d.ml 1 102 d.ml	1.06 0.88 0 0.88	1.24 1.55 1.54	PUTS — Feb 1 1.49 1 1.79 2 2.13 721 Pubs 229 103 Sept 1999- mion 95-20 200 65-pp 2004#1 202 2005 121-200 2005 121-200 2006 121-200 2006 121-200 2006 121-200 2006 121-200 2006 121-200 2006 121-	1.65 1.95 1.95 2.27 600  Moles int 4. 4.76 4. 9.04 7.71 8.59 8.27 9.01 10.17 10.17	Dec Mar - LIFFE con - LIFFE co	Y100m 100 Open 107.57 106.85 tracts traded 1 + 点 125点 + 点 121点 + 点 121点 + 点 111点	Cices  Ci	Change	High 107.69 106.98 1 fgs. are to fgr. 21 (17.5) 21 (17.5) 22 (17.5) 32 (17.5	Low 107.57 106.85 provious de 110.85 provious de 11	Est. vol 1853 762 W	199 (195 1135 1175 1185 1185 1185 1185 1185 1185 118
Ci (1995) 1995 (1995) 1995 (1995) 1995 (1995) 1995 (1995)	0.77 0.50 0.91 0.91 0.025 100as 100a	Jen 0.85 0.43 1 Pos 18 14 Pos 18 12 Pos 18 11.55 12.67 12.67 13.72 13.72 12.67 13.72 13.72 13.72 13.72 13.72 13.72 13.72	Feb 0.90 0.70 0.54 950. Previous 6.71 1014 5.78 1042 8.83 1057 11 1014 1014 1014 1014 1014 1014 1014	1.06 0.86 0 0.86 0 0.88 0 day's open 	1.24 1.54	PUTS	1.65 1.95 1.95 1.95 1.95 1.95 1.95 1.95 1.9	Mar Pice 2 7.28 734 823 10514 839 845 994 851 839 851 851 851 851 851 851 851 851 851 851	Y100m 100 Open 107.57 106.85 tracts traded +	Cices  Cices  Cices  APT. All O  APT. All O  SS4  SS4  SS5  SS7  S	Change  Change	High 107.69 106.98 figs. are for [6] 57.7 3.1 (74.9 3.5 (74.9 3.9 3.5 (74.9 3.9 3.5 (74.9 3.9 3.5 (74.9 3.9 3.5 (74.9 3.9 3.5 (74.9 3.9 3.5 (74.9 3.9 3.5 (74.9 3.9 3.5 (74.9 3.9 3.5 (74.9 3.9 3.9 3.9 3.5 (74.9 3.9 3.5 (74.9 3.9 3.9 3.9 3.9 3.5 (74.9 3.9 3.	Low 107.5 provious de 108.85 pro	Est. vol 1853 762 762 762 762 762 762 762 762 762 762	994 1994 113,5 11 113,5 11 113,5 11 118,5 11
Ci   Ci   Ci   Ci   Ci   Ci   Ci   Ci	0.77 0.50 0.31 , Calls 2880 Notes 1 up in Fee Ye	Jen 0.85 0.47 0.33 1 Puts 16 12 12 13 14 15 15 15 15 15 15 15 15 15 15 15 15 15	Feb 0.90 0.70 0.54 950. Previous 6 100 And 6 100 An	1.06 0.86 0 0.86 0 0.88 0 day's open tusting the series of the serie	1.2-1.63 1.5-1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.	PUTS — Feb 1 1.49 1 1.79 2 2.13 721 Pubs 229 3 3/sec 1999- mion 9/sec 200 65/spc 200411 2002-011 11/spc 2003-7 65/spc 200411 11/spc 2003-7 65/spc 200414 11/spc 2003-7	1.65 1.95 1.95 2.27 600 Moles int 4_ 4.76 M_ 9.04 7.71 8.59 9.01 10.10 1	Dec Mar - LEFFE con - LEFFE co	Y100m 100 Open 107.57 106.85 tracts traded +출 125.5 +å 125.5 +å 125.5 +å 125.5 +å 125.5 +å 119.5 +å 119.5 +å 119.5 +å 151.6 +å 151.6 +å 151.6 +å 151.6	Cione	Change  Change	High 107.88 108.88 169. are to 107.89 21 185.9 21 185.9 21 185.9 3	Low 107.57 106.85 provious du 107.57 106.85 provious du 10 10 10 10 10 10 10 10 10 10 10 10 10	Est. vol 1853 762 W - 1853 76	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
Communication	0.77 0.50 0.51 1, Calls 2800 Hotes 180 In Fee Vi	Jen 0.85 0.47 0.33 1 Puts 16 15 15 15 15 15 15 15 15 15 15 15 15 15	Feb 0.90 0.70 0.70 0.54 950. Previous 6 100 2 at	1.08 0.86 0.86 0.86 0.86 0.86 0.86 0.86 0	1.2-1.63 1.5-1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.	PUTS	1.65 1.95 1.95 1.95 1.95 1.95 1.95 1.95 1.9	Mar Pice 2 7.28 734 823 10514 839 845 994 851 839 851 851 851 851 851 851 851 851 851 851	Y100m 100 Open 107.57 106.85 tracts traded +	Close	Change  Change	High 107.88 108.88 109. are to 108.88 119. are to 108.89 119. [1.0] 119. [1.0	Low 107.57 106.85 provious de 107.57 106.85 provious de 10 10 10 10 10 10 10 10 10 10 10 10 10	Est. vol 1853 762 W	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
Liver 1995 .	0.77 0.50 0.91 0.91 1. Case 2980 Idoiss 1997-65 1997-1997 1997-1997 1997-1997 1997-1997 1997-1997	Jen 0.85 0.47 0.33 1 Purs 16 12 12 12 12 12 12 12 12 12 12 12 12 12	Feb 0.90 0.70 0.54 950. Previous 6 70 950 1074 102 5 1075 1075 1075 1075 1075 1075 1075 10	1.06 0.88 0 0.88	1.24 1.54	PUTS	1.65 1.95 1.95 1.95 1.95 1.95 1.95 1.95 1.9	Mar Pice 2 7.28 734 823 10514 839 845 994 851 839 851 851 851 851 851 851 851 851 851 851	Y100m 100 Open 107.57 106.85 tracts traded +	Close	Change  Change	High 107.898 108.898 frgs. are for fig. 89 21 (15.8) 21 (17.8) 31	Low 107.55 provious de 108.65 pr	Est. vol 1853 762 762 762 762 762 762 762 762 762 762	1994 1994 1995 113,5 11 1735 1135 1184 1184 1755 1185 1185 1185 1185 1185 1185 1185
1995 - 1996 1996 1996 1996 1996 1996 1996 19	0.77 0.50 0.51 0.51 1, Calls 2860 Notes 189 la Fee V	Jen 0.85 (0.47 (0.33 ) 1 Puts 16 18 18 18 18 18 18 18 18 18 18 18 18 18	Feb 0.90 0.70 0.70 0.54 950. Previous 6 100.5 1 101 1 105	1.06 0.88 0 0.88	1.24 1.63 1.54	PUTS	1.65 1.95 1.95 1.95 1.95 1.95 1.95 1.95 1.9	Mar Pice 2 7.28 734 823 10514 839 845 994 851 839 851 851 851 851 851 851 851 851 851 851	Y100m 100 Open 107.57 106.85 tracts traded +	Close	Change  Change  Interest  Change  Chan	High 107.69 106.88 1 fgs. are to 106.88 1 fgs. are to 106.88 1 fgs. are to 106.89 2 1 (78.9) 2 1 (78.9) 2 1 (78.9) 3 1 (7	Low 107.57 106.85 provious de 107.57 106.85 provious de 10.58 prov	Est. vol 1853 762 w	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
1995 1995 1995 1995 1995 1995 1995 1995	0.77 0.50 0.31 , Calls 2000 Notas 100 lb Flor Ye	100 0.85 0.47 0.33 1 Puts 16 16 16 16 16 16 16 16 16 16 16 16 16	Feb 0.90 0.70 0.54 950. Previous 6 70 950 1074 102 5 1075 1075 1075 1075 1075 1075 1075 10	1.06 0.88 0 0.88 0 0.88 0 0.89 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	1.24 1.55 1.54	PUTS — Feb 1 1.49 1 1.79 2 2.13 721 Pubs 229 3 3/sec 1999- mion 9/sec 200 6/spc 2004#1 202-04#1 11 spc 2003-7 6/spc 2004#1 19c 2003-7 6/spc 2004#1 202-04#1	1.65 1.95 1.95 1.95 1.95 1.95 1.95 1.95 1.9	Mar Pice 2 7.28 734 823 10514 839 845 994 851 839 851 851 851 851 851 851 851 851 851 851	Y100m 100 Open 107.57 106.85 tracts traded +	Cices  Ci	Change  Change	High 107.69 106.88 1 fgs. are to 106.88 1 fgs. are to 106.88 1 fgs. are to 106.89 2 1 (78.9) 2 1 (78.9) 2 1 (78.9) 3 1 (7	Low 107.55 provious de 108.65 pr	Est. vol 1853 762 w	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
June 1199 1 199 1	0.77 0.50 0.91 0.91 0.91 0.91 0.92 0.92 0.93 0.93 0.93 0.93 0.93 0.93 0.93 0.93	Jen 0.85 0.47 0.33 1 Puts 16 12 12 12 12 12 12 12 12 12 12 12 12 12	Feb 0.90 0.70 0.54 950. Previous 6 0.70 0.54 950. Previous 6 0.70 0.54 950. Previous 6 0.71 1.01 1.57 8.95 1.05 1.05 1.05 1.05 1.05 1.05 1.05 1.0	1.06 0.88 0 0.88 0 0.88 0 0.89 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	1.2-1.63 1.54 1.63 1.54 1.64 1.54 1.64 1.54 1.64 1.54 1.64 1.64 1.64 1.64 1.	PUTS — Feb 1.49 1.79 2 2.13 721 Puis 229 200 5 5 200 5	1.65 1.95 1.95 1.95 1.95 1.95 1.95 1.95 1.9	NOTION   LEFTE	Y100m 100 Open 107.57 106.85 tracts traded +출 1255 +출 1255 +출 1255 +출 1255 +출 1255 +출 1255 +출 1255 +출 1155 +출 1156 +출 1516 +출 1516 +출 1516	Cices  Ci	Change  Change  Interest  Change  Chan	High 107.69 106.88 1 fgs. are to 106.88 1 fgs. are to 106.88 1 fgs. are to 106.89 2 1 (78.9) 2 1 (78.9) 2 1 (78.9) 3 1 (7	Low 107.57 106.85 provious de 107.57 106.85 provious de 10.58 prov	Est. vol 1853 762 w	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
1995 - 1995 1996 1996 1996 1996 1996 1996 1996	0.77 0.50 0.51 1, Calls 2980 Holes 1990 65 1990 11 1990 11 1900 11 190	160 0.45 0.47 0.33 1 Puts 16 16 16 16 16 16 16 16 16 16 16 16 16	Feb 0.90 0.70 0.54 950. Previous 6 100 5 10 10 10 10 10 10 10 10 10 10 10 10 10	1.06 0.88 0 0.88 0 0.88 0 0.88 0 0.88 0 0.88 0 0.88 0 0.88 0 0.88 0 1078 1178 1178 1178 1178 1178 1178 117	1.240 1.261 1.561	PUTS — Feb 1 1.49 1 1.79 2 2.13 721 Pubs 229 3 3/sec 1999- mion 9/sec 200 6/spc 2004#1 202-041 11 spc 2003-7 6/spc 2004#1 19c 2003-7 6/spc 2004#1 202-041 11 spc 2003-7 8/spc 2004#1 202-041 2	1.65 1.95 1.95 2.27 660  Moles ix 4. 4.76 M. 9.04 7.71 10.30 8.27 10.41 10.10	NOTION   LEFTE	Y100m 100 Open 107.57 106.85 tracts traded + 1255 + 1255	Close  Close  Close  APT. All O  Close  APT. All O  Self sinden  1018 20:  848 420  1894 420  1894 22:  1894 22:  1895 22:  1895 22:  1895 22:  1895 22:  1895 22:  1895 22:  1895 22:  1895 22:  1896 22:  1897 22:  1898 22:  18	Change  Change	High 107.69 106.88 1 fgs. are to 106.88 1 fgs. are to 106.88 1 fgs. are to 106.89 2 fg. (78.9) 3 1	Low 107.57 106.85 previous de 106.85 previous de 10.85 previous de	Est. vol 1853 762 w	1994 1995 113-5 11 113-5 12 173-5 12 184-5 12 184-5 12 185-5 12 18
1995 - 19	0.77 0.50 0.91 0.91 0.91 100s 100s 100s 100s 100s 100s 100s 10	100 0.85 0.47 0.33 1 Puts 16 12 12 12 12 12 12 12 12 12 12 12 12 12	Feb 0.90 0.70 0.70 0.54 950. Previous 6 0.70 0.54 950 970 1054 970 10	1.06 0.88 0 0.88 0 0.88 0 0.88 0 0.88 0 0.88 0 0.88 0 0.88 0 0.88 0 1078 1178 1178 1178 1178 1178 1178 117	1.240 1.261 1.561	PUTS — Feb 1 1.49 1 1.79 2 2.13 721 Pubs 229 3 Sept 1999- mins 95-pc 2004 1 15-pc 2003-5 12 12-pc 2003-5 12 12-pc 2003-7 11 5-pc 2003-7 11 5-	1.65 1.95 1.95 2.27 660  Moles int 4 4.76 M 9.04 7.71 10.50 8.27 10.55 10.55 8.40 7.74	Dec Mar - LEFFE con - LEFFE co	Y100m 100 Open 107.57 107.57 107.57 107.58 107.58 105.6 105	Close  Close  Close  APT. All O  Close  APT. All O  Self sinden  1018 20:  848 420  1894 420  1894 22:  1894 22:  1895 22:  1895 22:  1895 22:  1895 22:  1895 22:  1895 22:  1895 22:  1895 22:  1896 22:  1897 22:  1898 22:  18	Change  Change	High 107.69 106.88 1 fgs. are to 106.88 1 fgs. are to 106.88 1 fgs. are to 106.89 2 1 (78.9) 2 1 (78.9) 2 1 (78.9) 3 1 (7	Low 107.57 106.85 previous de 106.85 previous de 10.85 previous de	Est. vol 1853 762 w	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
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1995 1995 1995 1996 1996 1996 1996 1996	0.77 0.50 0.91 0.91 1. Casa 2000  I T S P S S S S S S S S S S S S S S S S S	100 0.85 0.47 0.33 10 0.47 0.33 10 0.47 0.33 10 0.47 0.33 10 0.47 0.33 10 0.47 0.43 10	Feb 0.90 0.70 0.70 0.54 950. Previous 6 0.70 0.54 950 970 1054 970 10	1.06 0.88 0 0.88 0 0.88 0 0.88 0 0.88 0 0.88 0 0.88 0 0.88 0 0.88 0 1078 1178 1178 1178 1178 1178 1178 117	1.2-1.63 1.5-1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.	PUTS — Feb 1 1.49 1 1.79 2 1.3 721 Pubs 229 3 1/20 2004 5 1/20 2004 1 1/20 2003 1 2/20 200	1.85 1.95 1.95 1.95 1.95 1.95 1.95 1.95 1.9	Dec Mar - LETTE con - LETTE co	Y100m 100 Open 107.57 106.85 tracts traded 1 15.6 1255-1256 1255-1256 1255-1256 1255-1256 1256-	Close	Change  Change	High 107.69 106.88 169. are to 107.69 169. are to 1	Low 107.5 106.85 r previous de 108.85 r previous de 10.85 r previous de 10.85 r previous de 10.85 1.86 r previous de 10.85 r p	Est. vol 1853 762 w	1994 1995 113,5 11 1783 11 1783 11 184,7 11 184,7 11 184,7 11 184,7 11 184,7 11 187,8 11 187,
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1995 - 1995 - 1996 1996 1996 1996 1996 1996 1996 19	0.77 0.50 0.91 0.91 1. Casa 2000  I T S P S S S S S S S S S S S S S S S S S	100 0.85 0.47 0.33 10 0.47 0.33 10 0.47 0.33 10 0.47 0.33 10 0.47 0.33 10 0.47 0.43 10	Feb 0.90 0.70 0.54 950. Previous 950. Previo	1.06 0.88 0 0.88 0 0.88 0 0 0 0 0 0 0 0 0 0	1.24 1.25 1.26 1.26 1.27	PUTS Feb 1 1.49 3 1.79 2 2.13 721 Puts 229 61/2 pc 2004 61/2 pc 2005 61/2 pc 2004 61/2 pc 2007 61/2 pc 2007 61/2 pc 2008 61/2 pc 2008 61/4 pc 2010 61/2 pc 2009 61/4 pc 2010 61/4 pc 2011 6	1.65 1.95 1.95 2.27 660  Roles ixt 4. 4.76 4. 9.04 7.71 10.30 8.27 3.41 10.55 10.55 8.29 8.40  7.74 6.88 8.86 8.745 8.83	Dec Mar - LEFFE con - LEFFE co	Y100m 100 Open 107.57 106.85 tracts traded 155.85 tracts traded 155.85 125.95 125.95 125.95 125.95 127.97 138.85 127.97 138.85 127.97 138.85 14.87 138.85 14.87 138.85 14.87	Close	Change  Change	High 107.69 106.88 1 fgs. are to 106.88 1 fgs. are to 106.89 21 (125.8) 22 (125.8) 21 (1	Low 107.57 106.85 provious de 106.85 provious de 11 (2 Print 1) (2 Print 1) (2 Print 1) (3	Est. vol 1853 762 w	1994 1994 113-5 11 113-5 12 113-5 12 113-5 12 113-5 12 113-5 12 123-5 12 12
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1995 1995 1995 1995 1995 1995 1995 1995	0.77 0.50 0.51 0.51 0.51 0.51 0.51 0.51 0.51	100 0.85 0.45 0.45 10.45	Feb 0.90 0.70 0.54 950. Previous 950. Previo	1.06 0.88 0 0.88 0 0.88 0 0.88 0 0.88 0 0 0.88 0 0 0 0	1.2-1.63 1.5-1.1.64 1.5-1.1.65 1.	PUTS — Feb	1.85 1.95 1.95 1.95 1.95 1.95 1.95 1.95 1.9	NOTION   LEFTE CON     LEFTE CON     Mar	Y100m 100 Open 107.57 106.85 traded 107.58	### of 10096  Close  Close	Change  Change	High 107.898 106.898 1 fgs. are for fgs. are fgs. a	Low 107.57 106.85 106.85 106.85 106.85 106.85 106.85 106.85 106.85 107.10 108.85 108.8	Est. vol 1853 762 1853 762 1853 762 1853 762 1854 1855 1855 1855 1855 1855 1855 1855	1994 1994 1995   19 113,5   16 1755   15 1184   16 1775   15 1184   16 184   16 187   16 187   16 187   16 187   16 187   16 187   16 187   16 189
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### Attwoods ready to put itself up for sale

Attwoods, the UK waste services group, is today expected to promise shareholders it will put itself up for sale if £364m cash bid from Browning-Ferris Industries of the US.

The company is likely to series of alternatives to the BFI bid, which it believes will give investors more value than the hostile 109p offer. The options are thought to range from asset disposals to a promise to put Attwoods on the block if

"We have got to put forward concrete proposals," said a company adviser. "Investors have to believe we will deliver

Today is the last day under the UK takeover code that Attwoods can publish any new financial information. Yesterday, the company geared up ples, BFT's offer undervalued

for its final defence with a widely expected document Attwoods, the company said.

BFI attacked the profits figwidely expected document showing an improvement in the first quarter

Operating profits rose by 8 per cent to \$15.4m, on sales 10 per cent higher at \$151.3m for the three months to October r cent higher at \$151.3m for 31. In sterling terms, operating profits were 2 per cent higher at \$2.8m. on sales 5 per cent ahead to £26.7m. "The profit estimate supports our recent comments on the outlook for 1995 as a whole," Attwoods

Attwoods also published an independent valuation of its UK property assets, which it said "demonstrated the inadequacy of BFI's offer". Chartered surveyors Grimley JR Eve revalued the UK assets upwards by £33m to £130.6m.
"BFI's bid takes no account of the underlying value of the UK assets," Attwoods said. On both earnings and sales multi-

ures as "dismal". "The operating profit increase is less than we were anticipating," said Mr Philip Angell of BFL "We had expected something closer to

double digit growth." Furthermore, operating margins had fallen and Attwoods had underperformed in the first quarter compared with other waste companies which showed on average 54 per cent growth. "Attwoods shareholders should not take any comfort from these numbers," said

Mr Angell. The bidder said it would send shareholders a more detailed response following Attwoods' final document tomorrow. BFI has until November 18 to increase its

### Attwoods is being advised by Robert Fleming, SG Warburg, and Smith Barney. CS First Boston are BFT's advisers. ScottishPower signs

joint National Grid deal

ScottishPower said yesterday that together with Scottish Hydro-Electric it had signed an agreement with the National Grid to increase the capacity of the England-Scotland interconnector by more than a third.

Mr Ian Preston, chief executive, said the interconnector increase from 1,600MW to 2,200MW would mean that the company could export "well over 30 per cent" of the electricity it produced from 1997, when the improved facility is operating fully.

The announcement accompanied a 6 per cent rise in interim pre-tax profits to

The interim dividend is raised 10.2 per cent to 4.55p, payable from earnings per share in the six months to September 30 of 11.01p, a 2 per cent improvement.

Earnings were depressed by an increase in the tax charge from 24 to 27 per cent. This compares with 26 per cent for the whole of last year. Turn-over rose 9.6 per cent to £733m. Mr Preston said there were no plans to implement a share buy-back programme. "We are not short of good opportunities to invest funds and enhance shareholder value," he said, citing the company's telecommunications, retailing and gas

interests as examples.

FT-SE-A Electricity Index 1993 Source: FT Graphite

Asked if the company was considering takeovers or mergers with regional power companies in England and Wales Mr Preston said: "We have ruled nothing out".

A reduction of 300 in core staff levels to 5,500 held employee costs at £75m (£74m). Retailing profits fell from £2.2m to £1.8m following the acquisition of 50 Clydesdale stores which it has been refur bishing. The company said the stores were back in service and exceeding expectations. It expects to better last year's retail profits of £7.4m.

Debt amounted to £18m, with gearing of 1.8 per cent. Mr Ian Russell, finance director, said he expected gearing to be close to double figures by the year-

CHEMICAL WORKS OF

**GEDEON RICHTER LTD.** 

International Offering of 4,413,512 registered ordinary shares

evidenced by a Global Instrument of Certificates

the State Holding Company

of the Republic of Hungary

in conjunction with a Capital Increase by

Chemical Works of Gedeon Richter Ltd.

The International Offering also comprised 688,125 GIC Shares

owned by the Hungarian Credit Bank Ltd.

Offer Price: U.S.\$12.30 per GIC Share

A further 464,500 shares were subsequently offered to investors

in Hungary at a price of 1,330 Hungarian forints per share

Global Coordinators

Joint Lead Managers

Dresdner Bank

Daewoo Securities (Europe) Ltd.

Merrill Lynch International Limited

**©BCreditanstalt Securities Ltd.** 

**巻 Schroders** 

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**CS First Boston** 

ScottishPower's problem is that, like Scottish Hydro-Electric, it is more tightly regulated than companies south of the border and its ability to outshine them in profit or dividend growth is constrained. It is seeking to distinguish itself by building shareholder value, rather than distributing it through share buybacks and one-off dividends. Laudable though diversification into 'utility-related" business may be, it has yet to prove itself: annual retailing profits will be closely scrutinised. Scottish-Power's advantages include the expanded interconnector which could have a significant effect on profits, and the fact that it has less to fear from a Labour government penalising over-profitable utilities. The shares are trading on a prospective yield of 4.8 per cent. suming a full-year dividend

### BSkyB to publish pathfinder on Monday

By Raymond Snoddy

British Sky Broadcasting, the satellite television venture is pushing ahead with a December flotation in London and New York, expected to

value the company at between £4bn and £4.5bn. The offer of some 20 per cent of the enlarged share capital will be launched with a pathfinder prospectus on Monday.

The value of the offer is in the middle of expectations. Some estimates put a potential valuation of more than £5bn on the company, formed out of a merger between Sky Television and British

Satellite Broadcasting.
The closing of the offer is expected in the week beginning December 5, which means the float will come about a week after shares of TeleWest, the UK's largest cable operator, start to trade in both London and on the Nasdaq market in New York.

The main shareholders in BSkvB are Mr Rupert Murdoch's News Corporation, Pearson, the media group that owns the Financial Times, Granada, the television and leisure group, and Chargeurs, the French industrial

In addition to the institutional offer, 12 firms were named yesterday as providing share shops for the retail offer of shares.

As BSkyB moves towards flotation, designed mainly to reduce debt, the satellite company is believed to be signing up new subscribers through both cable networks and direct to the home at the rate of about 60,000 a month.

BSkyB is also thought to be on the verge of signing a deal with SES of Luxembourg, SES operates the Astra satellite system for five more 24-hour channels, which will be used to provide further services. One part of the extra capacity will enable experimentation with pay-per-view services, particularly for recent films. The London listing is being

co-sponsored by Goldman

### Warner Howard ahead

Warner Howard, which rents and distributes laundry and catering equipment, reported a 7.2 per cent advance in pre-tax profits from £3.22m to £3.46m in the six months to August 31. Although investment in new equipment in its markets con-

**継 Schroders** 

Indosuez Capital

©Creditanstalt-Bankverein

of 13.65p, and are fairly

rentals and its new niche mar-

Mr Ronald Hooker, chairman, said that the continued strength of the balance sheet enabled Warner to pursue further expansion and several le acquisitions were under review. Cash flow was positive and

Turnover advanced from £10.7m to £11.1m, a rise of 4 per cent. Earnings per share were 9.76p (9.11p). The interim dividend is raised to 2.8p (2.27p) partly to reduce disparity between the interim and final payments and partly to reflect the company's growing cash generation and liquidity.

said there had been progress in

The reduction in profit was largely because of a £520,000 sub-contract commission payment, the company said, as gross margins in the core food distribution business. The period-end gearing was nil. shopfitting operation incurred

a small loss Mr Boger Harvey, chairman, said Appleby had decided to meet competition by increas-ing its company-owned and operated stores. Earnings per share were

down to 1.7p (8.5p). However, the 3.2p interim dividend is

### Sotheby's back in the black after nine months

By David Blackwell

Sotheby's Holdings, the parent company of Sotheby's, the New York-based auction, finance and real estate operation, returned to the black at the nine-month stage, reflecting a broad-based improvement across the art market.

For the nine months to the

end of September, income was \$2.5m (£1.52m) against a loss of \$1.3m. Net income per share was 4 cents (losses of 2 cents). Auction sales grew from \$719.9m to \$797.2m in the nine months, and from \$84.7m to \$105.2m in the third quarter, traditionally a slow period in the art market. The improvement followed the UK Old Master Paintings auction in July and several single-owner sales,

including the country house sale of Crossrigg Hall.
The group reduced its third quarter loss from \$12.7m (23 cents per share) to \$11.5m (21

cents per share).
Ms Diana Brooks, president and chief executive, said combined sales in all collecting categories except Impressionist and Modern Art and Jewellery were up 22 per cent. Sales of Impressionist and Modern Art and Jewellery were ahead of the 1992 low, but still below last year's levels.

"We anticipate, therefore, that the decline in the performance of these two categories, coupled with several strong non-recurring sales held in 1993, will result in lower fourth quarter auction sales," she

#### **DIVIDENDS ANNOUNCED** Corres -ponding dividend Total last year payment 32 10.5 16.7 2 8.25 0.8 2.25 Drayton English ... 24.3 4.9 5 4 12.4 2.5 8.5 Oxford Instrum \_ Parkland \_\_\_\_

Higher than average dividend increase of 16% surprises City

tial criticism by saying the

increase represented on aver-

age about 15p per customer, or \$400,000 in total. This com-

pared with the 11m which

Northumbrian expected to con-

tribute this year to a new regional fund it had set up to

encourage economic regenera-

the action as maverick. The company had been expected to

offer a higher than average

increase, but 16 per cent was

half more than doubled from

£22.6m to £46.1m on sales 5.4

per cent ahead at £155.7m

(£144.7m). Earnings rose from

The sharp profits increase

was largely due to the absence

of £8.9m in exceptional charges

for the closure of a pipe main-

tenance husiness and a £2.2m

operations. At the operating

£1.5m from acquisitions.

on discontinued

Pre-rax profits for the first

unprecedented, said one.

Analysts, however, described

tion in the area.

30.3p to 59.1p.

### Northumbrian Water doubles

110 -

1993

In the regulated water and

sewerage business, operating

margins rose from 38 to 47 per

cent. This was largely due to a

4 per cent reduction in operat-

The non-regulated environ-

mental services business

increased losses to £1.5m

(£900,000). However, Northum-

Source: FT Graphite

ing\_costs.

By Peggy Hollinger

Northumbrian Water Group yesterday took the lead in the industry's dividend bonanza with a record 16 per cent increase from 8.1p to 9.4p for the six months to September 30 - its first pay-out since the price review.

Northumbrian, smallest of the privatised water and sewerage companies, also indicated that real dividend growth would be higher than expected over the next five years as it sought to wind down exceptionally high dividend cover. The announcement follows better than expected pay-outs

Il and 10 per cent. Mr David Cranston, chief executive, said Northumbrian intended to bring its cover down from about 4 times to 2.5 by the end of the decade. This would happen within a pricing regime which was "tough, but

from Thames and Anglian,

which increased dividends by

achievable", he said. He sought to fend off poten-

A fall of almost £50m in

assisted Leeds Permanent's net

interest income, which rose to

£458.4m (£425.8m), through a

reduced charge for irrecover-

Non-interest income was flat

at £104.6m (£104.2m), although

Pre-tax profits at Appleby

Westward Group, the grocery distributor, dropped from

£730,000 to £146,000 for the 28

weeks to September 10. The

result included £90,000 profit

on the disposal of the

USM-quoted company's commercial vehicle repair

Although turnover improved

from £38.2m to £45.1m, operat-

ing profits tumbled from

£707,000 to £62,000.

£245.8m.

able interest

**Appleby** 

Westward

downturn

as statutory reserves for the life insurance subsidiary which

became operational in July.

Mr Malcolm Barr, chairman, provisions for bad and doubtful debts beloed Leeds Permanent said the society - which has Building Society, the UK's fifth largest, report a 32 per cent been without a chief executive increase in pre-tax profit for the year to the end of Septemfor more than 18 months - was now closer to making an ber, taking it from £186.2m to appointment than it had been six months ago, and that a statement would be made in "a The drop in provisions from £131.1m to £82.2m - also matter of weeks rather than

months".

It seems unlikely, however, that a new chief executive will be appointed before the end of

of business.

Mr Roger Boyes, finance director, said that against the

umbrian stand out, although brian expected the business to level profits rose by 43 per cent return to profit in the second the water sector labours under from £41m to £55.5m, including Leeds Permanent rises to £246m

> mortgage market, he saw pros-pects for growth coming from non-core areas such as sales of life insurance and unit trusts. It would be important, he said, both to ensure that the organisation's infrastructure could deliver service at a low enst and to develop new areas

background of a relatively flat

However, the society had no immediate plans to take advantage of the greater powers which had been proposed by the government to set up a wholly-owned general insur-

Leeds' recurring administrative expenses rose by a little less than 4 per cent to £226.im. and costs of a further £226m were incurred in a voluntary. redundancy programme. Total assets rose slightly to £20.6m

Labour's call for a higher ter

rate for utilities put a dampe-ner on water shares yesterlay. Yet Northumbrian's bold move should reinforce the view that rate for utilities put a da

other water companies are likely to rethink dividend

policies. The most obvious can-

didates for higher increases are

Southern, Severn Trent and

Welsh, although none of them

is likely to come near Northumbrian's figure: Mean

while the company's imment

ate prospects are encouraging

It should beat efficiency ter-

eets, which have been set by

the regulator, and is also

expected to increase the final

dividend by 16 per cent, How-

ever, a higher tax charge

might mean a more modest

are for about \$83m this year

before exceptionals. With the

prospective p/e of 6 and its div

idend prospects make North.

shares rising 16p to 712p the

increase next year. Forecast

Mr Boyes said that Leeds Property, the society's estate agency, had reported profits of £360,000. He admitted that these were modest and said that over the last few years it had delivered much less mortgage business to the society than had been hoped.

The society was fully committed to the estate agency, he said, but "all parts of the business are constantly under

### Ladbroke plans to reduce staff in reorganisation

Bv Michael Skapinker, Leisure Industries Correspondent

Ladbroke is to reduce its head office and central services staff by more than half in a reorganisation which will be completed by the end of this year.

The hotels, betting and retailing group said the number of head office and central administrative staff would be cut from 280 to 120. Not all of the employees affected would be made redundant as some will be moved into Ladbroke's divisions.

legal department will be moved into the group's individual businesses. Posts which will be apparent until 1995. Hilton's

eliminated completely, however, include 85 jobs at a group distribution depot in Barnsley. Ladbroke said profits in the

three months to the end of September were ahead of the same period last year and recovered the first half shortfall - pre-tax profits for the six months to June 30 were £57.3m after exceptional items, compared with £62.5m.

Hotels in the UK, particularly in London, showed increases in both occupancy and room rate. Hotel performance in continental Europe below last year's level and significant recovery would not be

performance overall was slightly below that of the corresponding period last year, the Retail betting in the UK was

hampered by dry summer weather and hard ground, but had since recovered. Credit betting in the third quarter was lower than in the second although Ladbroke described results as "satisfactory". The Vernons pools business performed well.

Sales at Texas Homecare were slightly down on a likefor-like basis, but margins

taken in the first half. The shares rose 1p to close at

#### **NEWS DIGEST**

### Queens Moat under fire

Rebel shareholders in Queens Moat Houses yesterday accused the heavily indebted hotels group of breaching com-pany law by not calling an annual meeting within the

required time. Mr Dennis Woodhams of the QMH Shareholders Action Group said failure to call the AGM could mean there is at least one director "not properly

a director of the company".

"All directors have been appointed by the board itself since the 1992 AGM, which was the last one validly to elect or re-elect directors," he said. "Consequently there is no director who has been elected by shareholders."

Queens Moat rejected Mr Woodhams' suggestions that it had breached company law: "We are happy to reassure Mr Woodhams that the timing of

the AGM is perfectly in order and it will be held before the end of this year."

Lofs advances Despite continuing difficult

trading in tanker markets. London & Overseas Freighters reported pre-tax profits of \$3.76m (£2.29m) for the six months to September 30, against \$1.56m, helped by an advance in the second quarter from \$308,000 to \$2.08m.

Half-year turnover for the Bermuda-based but London listed shipping company was \$16.4m (\$12.7m) with second quarter figures of \$8.43m (\$7.46m). Earnings per share were 5 cents (6.4 cents) and a second interim of 0.25 cents makes 0.5 cents to date.

Honeysuckle growth Honeysuckle Group, the ladies wear designer, lifted full-year pre-tax profits 56 per cent to £1.09m for the year to May 31. The rise, from £693.852, was struck on turnover 42 per cent ahead from £15.8m to £22.4m.

Mr David Stern, chairman, said the present season was ahead of budget.

Earnings per share improved to 9.1p (5.8p). A recommended final dividend of 2p gives a total 3p (2.25p) for the year. The shares firmed 6p to 75p.

**Drayton English** 

Drayton English & International Trust, which seeks capital growth through a worldwide portfolio of smaller listed companies, reported a 3 per cant decline in net asset value during the six months to Octo-

The figure of 102.6p per share at the period end compared with 105.7p at the trust's April year end. The figure did, however, represent an improve-ment against the FT-SE-A All-Share Index, which dipped 6.1 per cent during the same

Net revenue was £768,000, compared with £825,000 in the first half last year. Earnings per share fell to 0.17p (0.3p) but the interim dividend is maintained at 0.4p.

### Standard & Chartered

Standard Chartered PLC

US\$300,000,000 Undated Primary Capital Floating Rate Notes (Series 2) In accordance with the provisions of the Notes,

notice is hereby given that for the six months period (182 days) from 14th November 1994 to 15th May 1995 the Notes will carry interest at the rate of 6.375 per cent per annum.

The interest payment date will be 15th May 1995 Payment, which will amount to US\$322.29 per US\$10,000 Note and US\$ 1,611.46 per US\$50,000 Note, will be made against surrender of Coupon No.19.

West Merchant Bank Limited

SEK AB Svensk Exportkredit Swedesh Export Credit Corporation (Incorporated at The Fingston of Surden with limited lightley) HK\$300,000,000 Reverse Floating Rate Notes due 1998

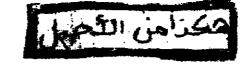
For the Interest Period 7th November, 1994 to 6th February, 1995, the Notes will carry an Interest Rate of 2.14688% per annum with Coupon Amounts of HK \$535.25 and HK\$5,352.50 per HK\$100,000 and HK \$1,000,000 Notes respectively. The relevant Interest Payment Date will be 6th February, 1995.

7. . Royal Insur:

Espite pren

Exceptional, F

Classification



**COMPANY NEWS:** UK AND IRELAND

Debenhams rises but losses at Principles, Top Shops and men's wear

### Recovery helps Burton to £41m

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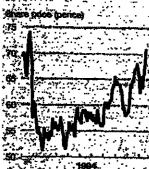
Burton, the clothing retail group including Debenhams, Burtons and Dorothy Perkins, more than doubled profits last year despite falling into the red in its multiples division. Pre-tax profits were £41.1m

in the 53 weeks to September 3, up from £16.3m in 1992-93 when there was an exceptional loss of £19.6m. Total sales edged ahead from £1.89bn to £1.91bn. Mr John Hoerner, chief executive, said the group's plans for recovery were moving along the right track, although

he would have liked. The strategy of rebuilding the brands had led to better sales and margins throughout the group in the second half, with the exception of Burtons.

all was not behaving exactly as

Burton Group



reported an operating loss of £12.4m (£6.4m profit) on sales down 5.5 per cent to £263m (£278.3m). Sales fell 19 per cent, although 7 percentage points of the decline were accounted for by the decision earlier this year to contract out its busi-

ness in men's suits.

Mr Hoerner said the group
had reduced the amount of sales promotions at Burtons and had cut stocks, but he was "not expecting any great things this season".

Losses at Principles rose from £11.5m to £19.4m on lower sales of £106.3m (£120.4m), although the figures reflect a fall in the number of outlets. While losses at Top Shop/Top Man increased to £7.2m (£5.1m), sales edged ahead to £216.9m (£212.9m), and the second half was just in the black.

Dorothy Perkins and Evans both increased operating profits, to 211.4m (210m) and £12.5m (£10.9m) respectively. In the first nine weeks of the current year the multiples had operated without staging sales for 90 per cent of the time, compared with only 30 per cent

This had resulted in an improvement of 5 percentage points in the gross margin, although the group stressed that this was not sustainable throughout the first half. Operating profits at Deben-

hams rose from £57.7m to

Andrew Higginson, finance director, left and John Hoerner

£71.5m on sales ahead from

£854.4m to £910.4m. Net interest payable fell from £31.4m to £17.7m, and net debt at the end of the year was £77m, down from £212m. This was mainly as a result of the sale in May of four shopping centres for £153m, a deal that ended the group's foray into the property business.

Earnings per share were 2.1p (0.9p). A final dividend of 1p is proposed, giving an unchanged 2p for the year.

• COMMENT The name of the game is to get the multiples back in profit, particularly Burtons and Prin-

ciples which between them lost

group, its US retail arm

returned a I£13.9m profit

(IE3.5m loss). Mr Keane said

Loan loss provisions as a per

centage of loans fell to what

Mr Keane said was an "unsus-

tainably low" level of 0.2 per cent as a result of loan recov-

eries of I£10.6m, including the

unidentified individual recov-

Net interest income fell

slightly to I£304.9m (I£311.2m)

as a result of narrowing mar-

gins, but loan loss provisions fell to I£11.4m (I£47.5m). Oper-

ating expenses slipped by 1 per

cent from 19288.7m to 19285.2m

The shares closed unchanged

of accumulated losses.

ery of about LE7m.

as staff costs fell.

the group's total profit. Stabilising margins and re-establishing price integrity without los-ing sales is not easy, but early indications for the current year suggest the group has taken the right approach. At Princi-ples, sales in the early weeks are nearly 7 per cent higher and 59 of the badly performing stores have been taken out of the division. A quick turn-round will follow if the strat-

egy is successful. This is reflected in the share price, prospective multiple of more than 20, a premium to the sector - but perhaps still attrac

which rose 7/sp to 71p yester-day. Forecast profits this year of £65m put the group on a tive to the optimists.

Approach to Walker

of times at the moment." Mr Rob Wilkinson, Campar-

for investment purposes. The shares gained 2p to close at 27p yesterday.

### Fears of potential Campari bid allayed

By Peter John

Fears that a potential bidder might be moving in on Campari International, the company which designs and markets leisurewear and sportswear, were allayed yesterday. The buyer of an 11 per cent stake was revealed as a private investor.

It was announced on Wednesday that a company called Blueridge had acquired 1.12m shares, representing 10.73 per cent of Camparl. Campari was unaware of what Blueridge was and what its intention might be. The textiles group appeared vul-

nerable because its share price had fallen by a third to 24p at the end of October following the announcement of £3.7m rationalisation costs to comba difficult trading conditions.

It transpires that Blueridge is the private investment vehicle of Mr Paul Thompson, the chairman of Sanderson Electronics, a Sheffield-based computer support company. In October, Sanderson was on the acquisition trail, taking a controlling interest in SGA Pacific from General Automation.

However, Mr Thompson said yesterday that Blueridge was his personal investment vehicle, there was no synergy between his company and Campari and he had no preda-tory intentions. "I just thought the shares were cheap despite the fact that the company is not enjoying the best

i's company secretary, said: "Obviously we were keen to find out what Mr Thompson's intentions were. We have spoken to him and he has indicated that the stake is purely

markets."

### VSEL chairman urges quick OFT bid decision

By Bernard Gray,

Lord Chalfont, chairman of VSEL the submarine maker coveted by BAe and GEC, yesterday urged the government to make a quick decision on whether to allow the takeovers

Bids from both companies are currently being examined by the Office of Fair Trading to determine whether they raise competition worries.

Lord Chalfont has written to Mr Michael Heseltine, trade and industry secretary, and Mr Malcolm Rifkind, defence secretary, asking them to make their recommendations to the OFT quickly so that shareholders and employees can be clear where they stand. The government said a decision would

The impatience at VSEL came as the OFT indicated that it would not now rule on BAe's bid by November 16 but had extended the deadline to December 7. A decision on whether or not to refer either While the amendment to the bld to the Monopolies and

December. About 150 shareholders attended an extraordinary meeting at 7pm on Wednesday evening at the Vickers sports and social club in Barrow. The meeting voted to amend VSEL's articles to allow BAe to

Mergers Commission is now

expected in the first week of

a similar waiver for GEC is to be held on November 24. VSEL workers are concerned about the prospect of being

buy more than 15 per cent of

the shares. An EGM to approve

taken over by either company. The few worker-shareholders who remain, however, are keen to see the takeover race pro-ceed rapidly to secure the highest price possible for their

articles will allow either company to take over VSEL, neither BAe nor GEC can buy more than 15 per cent of its shares in the market until they have an acceptance of their bid by a majority of shareholders. GEC already owns 15 per cent and therefore cannot increase its stake until it has acceptances from another 35 per cent of VSEL's sharehold-

ers. BAe has no VSEL shares and cannot currently buy in the market as VSEL's shares are well above the cash alternative to its all-share offer.

### Cookson makes £10m German acquisition

By Richard Wolffe

Cookson, the specialist industrial materials group, yesterday aimed to strengthen electronics operations in continental Europe by taking full control of Alpha Grillo, its German joint venture.

Cookson paid £10.4m to buy the remaining 50 per cent of Alpha Grillo, which is the leading German producer of solders and fluxes, from the Metallgesellschaft subsidiary Grillo Werke.

Mr Richard Oster, chief executive, said: "By gaining full operational control of Alpha Grillo, we are able to capitalise more effectively on the potential that exists within the German and eastern European

Alpha Grillo would provide Alpha Fry with an important springboard for expansion into developing markets such as Poland, the Czech Republic and Russia, he added.

Alpha Fry forms part of the group's electronics materials side, which contributed 33 per cent of Cookson's 2111m operating profit last year. It is now expected to help improve product development and distribution at the German company. The acquisition, which is to

be funded from existing facilities, follows a joint venture with Thyssen of Germany to manufacture and supply central and eastern Europe with special refractories and systems used in the steel con-

tinuous casting process. It also forms part of a strategy of withdrawing from noncore businesses, which led to the disposal of 25 engineering

#### Wellington launch postponed

The plauned launch of Wellington Underwriting as a listed company investing in Lloyd's of London has been postponed following the insurance market's failure to agree new rules on corporate capital, writes Ralph Atkins.

The company said it was now proposing an impact day in the middle of next week instead of today.

Wellington had intended to place 30m shares at 100p and use the capital to invest in seven Lloyd's syndicates run by the Wellington managing agency. It hoped to attract money from existing corporate investors at Lloyd's, but this depended on Lloyd's approving new rules on corporate vehicles investing in each

Wellington has decided to go ahead without the new rules.

### I£7m loan recovery helps Bank of Ireland rise 28%

Banking Editor

An unexpected recovery of a IE7m individual loan that had been written off helped pre-tax profits at Bank of Ireland rise by 28 per cent from 12130.9m to 1£167.3m (£164.3m) in the six months to September 30.

The bank disclosed that competition for deposits in Ireland had narrowed its net interest margin from 4.3 per cent to 4.1 per cent, although the effect on income was offset by loan growth, including a strong rise

It raised its interim dividend by 13 per cent to 4.25p (3.75p), emphasising that this was "in order to achieve a better balance" with the final. Earnings per share rose from 15.2p to

share grew from 144p to 174p. Mr Maurice Keane, deputy chief executive, said it might repay some subordinated loan capital from next year onwards as retained earnings strengthened capital, but had no plans to distribute cash to shareholders in a share buy-back.

Mr Keane said the bank was more likely to use the cash for acquisitions. He said this could include the purchase of a mortgage portfolio in the UK, or an expansion of life insurance or pensions in Ireland.

He expected margin pressures to continue, and said that they could extend from deposits to lending if National Australia Bank or National Westminster Bank succeeded in buying TSB Bank, creating

a larger competitor.

shareholders Principal shareholders of JO

Walker, the listed timber company, have been approached by a third party with a view to acquiring a "substantial stake" in the

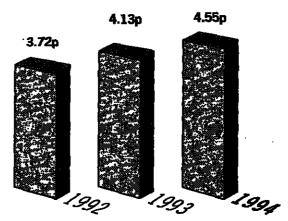
The largest individual shareholder is Mr David Walker, the the subsidiary would be retained for at least two years chairman, who owns 25 per in order to gain the tax benefit

> "We have continued to increase profitability by growing sales and controlling costs, while improving service to our customers. We have been making significant capital investments to anticipate the long term needs of the business."

> > MURRAY STUART CHAIRMAN

### Expanding horizons

INTERIM RESULTS FOR SIX MONTHS TO 30 SEPTEMBER 1994



Dividend Increase

- > Profit before tax has grown by 6.2% to £123 million reflecting increased sales and our continuing success in reducing costs through benchmarking programmes.
- Earnings per share are up 2.1% to 11.01p per share and the interim dividend is up 10.2% to
- Our sales outside Scotland are growing and our investments will mean that these will continue to increase progressively.
- > The principal regulatory controls for our business are now known for the next three years and we are confident that we can achieve further cost reductions and grow profit margins.



A copy of the ScottishPower Interim Report, containing full information on the company's results for the six months to 30 September 1994 can be obtained from Mr Andrew Mitchell, Company Secretary, Scottish Power plc, 1 Atlantic Quay, Glasgow G2 BSP. Telephone D41 248 8200. Fax D41 636 4582,

### Royal Insurance at £311m despite premium income drop

Total premium income at achieved a 5 per cent increase in operating profits to £35m, in the first nine months of this but the overseas life operations year, compared with £3.76bn. Royal said, however, that the drop largely reflected a planned reduction in its reinsurance operation, writes

Ralph Atkins.
The amount of personal motor premiums written fell by 5 per cent in the nine months to £239m. Within that total, Royal said The Insurance Service, its direct selling opera-tion, was taking an increasing share of business.

The group's pre-tax profits jumped from £118m to £311m. The UK-based life operation

dropped by £2m. Overall UK operating profits jumped to \$276m against £79m, helped by good weather conditions and fewer claims. Royal's chain of 481 estate

agents made an increased loss of £11m against £7m, partly from refurbishment costs.

US operations also lost money, not helped by a high level of weather and catastrophe-related claims. But Royal expressed confidence in a recovery ahead, noting that the second and third quarters had

underwriting results compared with a year earlier. Adding to the spread of its

business, Royal said it had struck commercial agreements with German and Scandinavian insurance companies which had increased its access

to markets in those countries. The group's capital and reserves decreased to £1.94bn at September 30, compared with £2.2bn at the end of 1993 as a result of falls in world equity and bond markets. Total investment income fell to £359m from £380m owing to the effect of lower interest rates and the move in asset allocaseen some improvement in tion towards equities.

### Exceptionals help Orb to £13.8m

Orb Estates, the commercial property developer, reported pre-tax profits of £13.8m for the per cent at £11.3m (£13.1m). The board said profits were year to June 30, compared with The board said profits were a restated loss last time of almost entirely made up of

The company had returned to the black at the interim stage, with a profit before tax

exceptional items, including 214.5m credited in respect of the company's capital reconstruction, as well as a £626,000 profit on the sale of investment issue in January.

properties. Last year's figure included a £20.2m write-off. Operating profits were £2.92m, against losses of £3.6m after losses at discontinued operations of 24.05m. Earnings per share were 1.98p (41.8p losses), taking into account the reconstruction and the share

### **FT-SE Actuaries Industry Classification System**

Following a partial review of agers and stockbrokers into Industry Classification System the Financials Economic Group of the Industry Classifi- Discount houses - This subcation System, the FT-SE Actuaries Industry Classification Committee has agreed to refine and update the current system to reflect the changing nature of many companies currently classified in these sectors. The following improvements will be implemented on December

31 1994: Banking Sectors - The two conjunction with the Associa-current banking sectors are to tion of investment Trust Combe renamed Banks, Retail and Banks, Merchant and redefined. This will provide a six new sub-sectors: UK Genclearer distinction between retail and merchant banks. ● Fund Managers & Stockbro ture & Development Capital, kers - A new sub-sector within and Split Capital Funds. the Other Financial industry sector will be introduced. drawing together all fund man-

one distinct sub-sector.

sector will be discontinued and the companies previously classified as discount houses classified elsewhere.

• Investment Trusts - The Investment Trusts sector had grown very large and included a variety of different trusts. Consequently, the Classification Committee, working in panies, have divided the old Investment Trusts sector into eral, European, International, Geographic Specialists, Ven-

"The business world is constantly changing and these ongoing improvements to the

help to ensure that it is always up-to-date and relevant", commented Mr Nick Fitzpatrick, chairman of the FT-SE Actuaries Industry Classification Committee.

"The Investment Trust sector had grown as new trusts were launched and dividing it into six new sub-sectors will result in more homogenous groupings. I'm sure that this and our improvements to the definition and segmentation of the bank and financial sectors will be welcomed by inves-

Details of the changes to individual stocks will be published after the next meeting of the FT-SE Actuaries Industry Classification Committee on December 5

Old City ties fray as

#### **COMPANY NEWS: UK**

Yarns, fabrics and carpets attract interest at home and overseas

### Coats Viyella lines up buyers

Coats Viyella, the UK's largest textiles company, has lined up several buyers for its yarns, fabrics and carpet divisions, in a move expected to raise more

than £100m for the group.

The shares rose 8%p to 202%p on the news, reflecting investors' surprise that the company had been able to find a single buyer for what ounts to a mixed bag of relatively unprofitable busi-

The divisions have net operating assets of £120m, and employ 5,400 people. However, a number of the businesses are scarcely profitable, and despite a recently improved performance they achieved operating profits of just £6m last year on

The group has had offers for some of the businesses in the past, but it is understood that these have been at far lower



**NEWS DIGEST** 

prices. Mr Neville Bain, chief executive, said: "We would hope to sell the businesses at close to net asset value."

The group was approached by a number of interested parties from both the UK and

overseas. It has narrowed the

selection down and is confident that a deal can be completed during the first quarter of 1995. Mr Bain was adamant that employment rights of the staff would be "fully safeguarded". Coats has radically reduced its debt over the past two gearing of about 25 per cent at the end of 1994, compared with 65 per cent in 1992. The diswould bring the figure below 20 per cent.

Mr Bain said the funds raised from the disposal would leave Coats in a strong position to expand its core businesses, particularly clothing, precision engineering and homeware. However, no acquisitions were imminent, he

The disposal is likely to have a neutral impact on the company's profits but analysts were optimistic that the cash could be channeled into core busiesses that could achieve a far higher return on capital.

Coats' Indian fabrics busi-nesses, which are held by a 51 per cent-owned subsidiary, are to be retained by the group. Baring Brothers have been

appointed to advise on the dis-

### **Cranswick** surges to £1.31m

more stable trading environment helped Cran-swick, the supplier of grain, feed, livestock and meat products, hoist pre-tax profits by 75 per cent from £745,000 to £1.31m in the six months to September 24. Mr Jim Bloom, chairman, said that despite low pig prices, there had not been the same degree of volatility as

last year.
Turnover grew by £2m to £56.2m. Earnings per share climbed from 4p to 6.1p and the interim dividend is stepped up

#### Penna recovers

Penna, the USM-quoted outplacement consultants, swung back into the black at the interim stage as it gained market share in "continuing highly competitive" conditions.

Pre-tax profits for the six months to September 30 amounted to £139,000, against losses of £118,000 last time and £309,000 for the previous full year. Turnover expanded by 26 per cent, to £4.91m; fee income at Sanders & Sydney improved from £3.89m to £4.67m.

"This increase has been achieved in a marketplace in which major competitors have reported a decline in sales of about 25 per cent," said Mr John Beard, chief executive. Marketing initiatives had resulted in a number of new

clients across industry sectors. Earnings per share emerged at 1.8p (losses of 2p) and the interim dividend is again 1p.

#### Umeco advances

Umeco, the aircraft refueller manufacturer, reported interim pre-tax profits more than doubled at £385,000, against £154,000.

The company said all compa-nies had performed well in the half year to the end of September with outstanding results from the distribution and aircraft refuelling divisions. Turnover was £9.15m (£6.01m). Earnings per share

came out at 2.39p (1.1p) and the interim dividend is raised to 1p The company said that in the

past second half profits had been substantially higher than the first. However this year's changed workload would mean a more even split.

#### Crest Nicholson

Crest Nicholson, the builder and property developer, is paying 23m cash for CE Cowen (Builders), a family owned housebuilder based in Harro gate. Crest will also take on bank borrowings of about

The purchase price is similar to Cowen's net tangible assets at March 31.

The purchase is part of Crest's plans to expand geographical coverage. Cowen's Harrogate office will become the base for the new northern

### **Enlarged** Sunleigh warns on profits

Sunleigh, the leisure products group which made a £19.2m diversification into prams last June, yesterday issued a trading statement suggesting that profits for the second half of 1994 would be "small", writes

The shares fell 1½p to 4½p on the announcement that the group had suffered "a difficult third quarter", due to a downturn in sales in continental Europe, particularly for its Laser dinghies and Dart catamarans.

The group also makes Powakaddy motorised golf trolleys, and the purchase of Maclaren moved it into a third consumer durables sector.

The acquisition was funded by a placing of 320m shares at 6p, resulting in a fourfold increase in share capital.

Mr Alan Hancock, chief executive, said Maclaren's profits for the third quarter had exceeded 1993, but that it had a strong seasonal bias towards the first half. Maclaren has introduced new product lines and substantially reduced its cost base. Sunleigh retains a cash sur-

plus of £650,000, and will pay a nominal dividend for the second half of the year, its first distribution since 1989.

#### Somic advances

Cost controls enabled Somic, the maker of yarns and woven fabrics, to raise pre-tax profits from £133,453 to £155,788 in the half year to September 30. on turnover of £2.28m, against

Earnings per share were 5.22p (4.47p) and the interim dividend is 1.25p (1p).

new advisers muscle in

what it used to be. SG Warburg and Baring Brothers are recorded therein as financial advisers to drinks company Allied Domecq. But it was Goldman Sachs, the US corporate adviser, that planned Allied's 5265m sale of its food adviser on a transaction. ingredient business announced

The instance is no isolated one. Goldman has encroached on another traditional Warburg client by advising Reckitt & Colman on the disposal of the Colman mustard line. The coincidence of the two

A listing in the Craw-ford's directory of City connections is not

cases, aside from reflecting well on Goldman Sachs, illustrates a broader point: ancient ties between company and merchant bank in the UK are fraying. One UK corporate financier says: "I don't really care what goes on in Crawford's. It's rather archaic."
Investment banking does, as

this week.

its practitioners are fond of saying, remain a "relationship ess" and old ties count. Reckitt used Warburg for its recent acquisition in the US. The UK house is also handling the disposal of Allied's beverage and hakery businesses.

A long-standing relationship remains particularly relevant when a company mandates an adviser to conduct a rights issue or some other core transaction. "A Crawford's relationship means a lot," says Mr Mark Nicholls, joint head of corporate finance at Warburg. But even Warburg, bank of

record to more UK-quoted companies than any other adviser, knows the limitations of tradi-"Crawford's does not mean that you win every bit of business from that client," says Mr Nicholls, "All it means is that you have an open door."

Clients are spreading their business around more promiscuously than they used to. "The big international companies like to have two or three

strings to their bow," says a

UK M&A specialist. Financial advisers are adapting to the wishes of their customers. Some, such as Morgan Stanley, even make a virtue of their willingness to act as joint adviser. UK banks have mel-

lowed enormously since the 1980s, when some would threaten to resign rather than accept an interloper as joint

> Clients are spreading their business around more promiscuously than they

Sharing out favours can be a way to smooth the transition from one adviser to another.
"A merchant bank is like wallpaper," says a US M&A specialist. "You are not going to redecorate the room in one

used to

Another US investment banker says that a UK client will save face for its traditional merchant bank by giving it a token role. "There are times when the co-adviser is there for relationship purposes. We say that as long as they stay out of our way everything will

However, the UK-listed companies that have gone the hog, and formally named US houses as their bankers of record, are few and vanishing. Goldman Sachs, listed as Racal Electronics' adviser, is hard pressed to come up with further names.

The more general pattern is for large UK companies, such as Allied, to retain a UK adviser while also building a

Nicholas Denton examines a changing relationship relationship with a US invest.

UK and US banks' skills can complement each other. A DS investment banker says that his company brings industry knowledge, advanced techniques and an international perspective; but he conceder that the traditional UK merchant bank has "history" and a knowledge of the board

What is more, a pool of advisers can provide useful options for a company when one is "conflicted out" - forced to turn down a client's bustness because it is acting on behalf of a competitor.

Above all, it is UK compenies acquisition forays and

the US or continental Euro pean market that have often provided the opportunity for interlopers. Goldman's seduc-tion of Reckitt Illustrates the classic scenario: a US investment bank advising on a per-chase in the US, getting its fixe. in management's door and pitching for later business.

"Relationships are important but you cannot rest on your laurels and expect the business to come to you," says Mr Will Samuel, head of corporate finance at Schroders, the UK merchant bank.

But established advisers are also becoming better at facilitating the international ambitions of their clients. Warburg has as many corporate finance employees in New York today as it had in London in the early 1980s.

A decade ago an acquisition in the US would have been handled by a local bank. But in the last month Warburg escorted three UK companies into the US in deals worth \$3.4bn (£2.07bn).Or perhaps Warburg chaperoned them: at least these three will not be meeting any new banks.

But investment banks can also seduce from the other side of the table. Goldman made contact with Allied through advising Domecq of Spain, its



#### Chairman's statement

"The results for the half year are sound.

Demand for our products and services remains buoyant. Inland call volume grew by over 7 per cent in the half year, stimulated by our marketing initiatives, including significant price reductions, and by growth in the

However, recent and forthcoming price cuts will increase the pressure on profitability in the second half of the year, as will the impact of further redundancy costs.

I am delighted to report that a key element of our global strategy is now fully in place, with the completion of our purchase of a 20 per cent stake in MCI at the end of September.

The interim dividend of 7.05 pence per share represents an increase of 6.0 per cent. The Board believes that this provides a fair return to shareholders."

> Sir Iain Vallance Chairman 10 November, 1994

Highlights excluding the impact of redundancy charges and non-recurring factors:

■ Turnover was up by 2.4% in both the second

quarter and the half year ■ Pfe-tax profit was up by 5.2% in the second quarter and up by 3.7% for the half year

■ Earnings per share were up by 5.0% is second quarter and up by 3.4% for the half year Intering distlend per share increased by 6.0%

Within the trail car, interhone call turnover fell by % due to the reductions effect of price reductions while by relative provides of 7% for inland calls and on a twelve month moving state of turnover ased is the Bill year. There has been a 2.4% grown and light and a 65% growth in connections to the middle stem, since Sentember 1992.

El 256 million is £270 per the first half of 1993/94. This a same of advanced network services. meted its purchase of a 20% stake in MCI of September for a total cost of £2,860

ring increased to 29% at 30 September, 1994.

oodwill of £1,937 million has been written

Group profit and loss account

	30 September		30 September	
	1994 £m	1993 Sm	1994 £m	1993 £m
Turnover	3,469	3,426	6,851	6,761
Redundancy charges	97	97	151	150
Premium on repurchase of bonds	75	_	75	-
Profit before taxation	712	743	1,493	1,500
Taxation	271	257	541	518
Profit after taxation	441	486	952	982
Minority interests	9	9	16	17
Profit attributable to shareholders	432	477	936	965
Interim dividend			439	413
Earnings per share	6.9 p	7.7p	15.0p	15.6p
Interim dividend per sha	re		7.05p	6.65p

Group cash f	low statemen
--------------	--------------

(mmadired)				
	£m	$\mathbf{c_m}$	£m	£m2
Inflow from operating activities	1,359	1,150	2,426	2,287
Outflow from returns on investments and			ŧ	
servicing of finance	ASSET .	~ (699)	(840)	(667)
Taxation paid	(230)	·*(15)	(350)	(149)
Outflow from investigation activities	( <b>2,5</b> 30)	(338)	(3,702)	(1,588)
Inflore in the last to be faire in the last to be last	( <b>2,235</b> )	98	(2,466)	(117)
Seein ballance sh				·
100 A	30.5	cotembe	r 3	1 Manh

Proup belience shee	et		
	1994	ptember 1993 nudited)	31 March 1994
	Sm	2m	2:0
Fixed assets	16,840	16,932	16,896
Ситент в в б	5,733	5,302	5,669
Carriest habitaties	6,321	4,539	5,544
Net attrest assets			
	_(588)	763	125
Ainal assets less an aest habilities aestors: amounts	16,252	17,695 ———	17,021
alling due after one year	3,514	3,670	3,199
Provisions for liabilities and charges	995	1,114	701
Minority interests	161	89	95
Capital and reserves	11,582	12,822	13,026
	16.252	17.695	17.021

2. The figures for the year ended 31 March, 1994 are extracts from these alified report, has been delivered to the Registrar of Companies. The interim dividend will be paid on 13 February, 1995 to shareholders on the BT register on 11 January, 1995.

THE SOUTH AFRICAN BREWERIES LIMITED

orated in the Republic of South Africa) Reg. No. 69/16025/06

#### **ABRIDGED INTERIM REPORT** for the six months ended 30 September 1994

Turnover

Grows 14% to exceed R12.9 billion

**Trading Profit** Rises by 19% to exceed R1.1 billion

Profit after taxation

Up 24% for the half year Cash flow from operations Over R1 billion for the six months

> Attributable earnings Improve by 21%

Dividend per share 21% increase

**Prospects** 

The short term outlook for the economy is for continuing moderate growth. The Group's aim is to maintain the rate of improvement in earnings and dividends at present levels for the remainder of the financial year.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 47.0 cents per ordinary share, on account of the year ending 31 March 1995, in respect of only those ordinary shareholders registered in the books of the Company at the close of business on 18 November 1994 ("the record date") to whom new fully paid ordinary shares in lieu of such dividend are not allocated and issued New fully paid ordinary shares in the Company will be issued only to those ordinary

shareholders registered on the record date who do not elect in respect of all or part of their shareholding on or before 15 December 1994, to receive the interim cash dividend. TERMS OF ISSUE OF ORDINARY SHARES IN LIEU OF THE INTERIM ORDINARY CASH DIVIDEND

New fully paid ordinary shares in the Company will be issued to ordinary shareholders registered on the record date at a price of R93 per ordinary share in lieu of the final cash dividend, on the basis of 0.5054 ordinary shares for every 100 ordinary shares held, unless an ordinary shareholder elects in respect of all or part of a shareholding by no leter than 15:00 Thursday, 15 December 1994 to receive the interim cash dividend. Fractions of ordinary shares will not be issued and shareholders will receive the cash equivalent

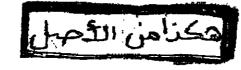
of such fractions as a residual cash dividend. Subject to approvals of The Johannesburg Stock Exchange ("the JSE") and the London Stock Exchange ("the LSE"), the listing of the new ordinary shares on the JSE and LSE will commence on Wednesday, 21 December 1994.

A circular containing full details of the share issue, together with an election form, will be posted to shareholders on or about 25 November 1994. Shareholders wishing to elect to receive the interim cash dividend will be required to return their completed election forms to the Company's transfer secretaries, to reach them by no later than 15:00 on Thursday, 15 December 1994.

Posting of dividend cheques and share certificates It is expected that dividend cheques and share certificates in respect of the new ordinary shares will be posted to shareholders on or about 21 December 1994,

A further announcement will be made on or about 21 December 1994 reporting on the number of ordinary shareholders who will receive new ordinary shares or the cash dividend,

2 Jan Smuts Avenue Johannesburg 2001 Republic of South Africa Copies of the interim Report, which contains full particulars of the dividend, will be posted to



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**COMPANY NEWS: UK** 

### Sales expansion buoys **Oxford Instruments**

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PORT

15

ember 1994

Strong sales growth and further margin improvement helped Oxford Instruments, the advanced instrumentation group, report a 54 per cent increase in interim profits.

The pre-tax figure rose from £5.07m to £7.81m during the six months to September 25 on turnover up 13 per cent at £55.1m (£48.6m).

Sales in Japan, where the group set up marketing operations in July 1991 and now employs 35 people, grew strongly and accounted for 10 per cent of the first-half total, against 6 per cent last time. Earnings per share increased to 10.4p (6.6p) and the interim dividend is lifted to 1.7p (1.5p). The shares rose 20p to 329p. Mr Peter Williams, chair-

man, said the outcome reflected "a continuation of the steady improvement in trading conditions in most of our markets. New orders have ed consistently over the last 18 months suggesting that a soundly based recovery may

be in prospect."

Operating profits in the seasonally weaker first half more than doubled to £4.02m (£1.9m) as margins expanded from 4

per cent to 7.3 per cent. Mr Williams noted that the



Peter Williams: soundly based recovery may be in prospect

analytical systems businesses were now making a material contribution alongside continuing strong performances from operations in its core technology of superconductivity -Research Instruments, Nuclear Magnetic Resonance Instruments and Superconducting Technology. "In the second half we expect this trend to continue," he said, "and in the operations most affected by

recession - Plasm Technology

and Medical Systems - there are also encouraging signs of

recovery". Income from the 49 per cent stake in Oxford Magnetic Technology, the magnetic resonance imaging joint venture with Siemens, increased to £3.43m (£2.81m).

Despite funding additional working capital requirements, the group ended the period with net cash of £14.3m, compared with £7.85m at March.

### **Packaging** helps Porter Chadburn

The completion of its staged withdrawal from consumer products and a sharply improved showing from packaging operations saw Porter Chadburn swing back into the

black in the first half. Turnover from continuing operations in the six months to September 30 rose from £38.7m to £42.6m, for operating profits of £2.17m (losses of £62.000), including £2.15m (£1.08m) from packaging as legislative changes in the US requiring many customers to redesign their labels.

With no exceptionals this time and a reduced interest burden, pre-tax profits amounted to £1.62m, against osses last time of £1.43m and a deficit of £17.2m for the full

The disposal of the consumer products side - completed in June with the sale of the Leeda fishing tackle business - coupled with "stringent" working capital controls, particularly in the US, helped cut bank borrowings from £9.1m at April 1 to £2.6m. Gearing dropped from 151 per cent to 59 per

Earnings per share were 1.42p (losses of 1.72p), but the interim dividend is again

### Restructure weighs on Staveley

Staveley Industries, the measurement, mechanical engineering and minerals company, yesterday announced a decline in half-year profits as it continued to restructure its weighing division.

The company, which also owns British Salt, reported pretax profits of £7.1m (£7.5m) on turnover of £166.3m (£164.6m) for the half year to October

The shares dropped 12p to

Gearing rose from 29 per cent to 41 per cent as capital expenditure increased to £6.1m (3.7m), mainly on new manufacturing capacity in the US. This is part of a £10m reor-

57 per cent to £1.1m (£700,000).

ganisation package which will transfer weighing production from California to Minnesota, and end the production of bagging systems in Germany.

Mr Roy Hitchens, chief exec-utive, said: "The reorganisa-tion is on plan in every respect. in terms of time scale,

Turnover from the measuring division fell to £72.9m (£77.7m) but operating profit improved to £1.9m (£1.2m). Reorganisation of the Weigh-Tronix weighing division is expected to finish by the end of the financial year. Chronos Richardson, the bagging and batch-blending systems business, is planned to be fully

reorganised in 12 months. The mechanical and electrical services side lifted turnover to £75m (£68.7m) as the mainte-

which is allocated to 101 syn-

dicates managed by 33 agents,

rose from £502.5m to £580m

By Richard Wolffe

cost reduction, and the construction of the new facility." nance business expanded catering equipment services. Howing equipment services. However, pressure on margins in contracting left operating

profit at £100,000 (£500,000). The minerals operations which supply more than half of turnover slightly to £17.3m (£17.1m), after improved sales of compacted products. Operating profit dipped to £6.2m (£6.4m).

Earnings per share fell 6 per cent to 4.6p (4.9p) but the

### Difficult second quarter at Parkland

Parkland Group, the woollen yarn and worsted cloth maker. saw pre-tax profits fall from £970,000 to £950,000 in the six months to September 2, after a

difficult second quarter. However, profits on continuing operations, after taking account of the sale of its interest in Company Image, improved by 7 per cent to

Mr Denis Greenwood, chairman, said the second quarter was characterised by late contracting from many large customers and longer term concerns about raw material price

"Although this very demanding trading environment still prevails in many of our markets, order levels and production have improved substantially in recent weeks." he

Parkland also announced that it was paying £110,000 in shares to acquire Firthmill, a textile importer. In addition. £40,000 loans to the vendors will be repaid on completion. Turnover fell from £29.3m to

for 1995, after a valuation of its funds on August 31. £25.8m, including £1.35m It is one of 25 new corporate (£3.8m) from discontinued capital groups which underoperations. Earnings per share write about £1.6bn of were 10.2p (10.3p) and the premiums out of Lloyd's total interim dividend is held at 2p.

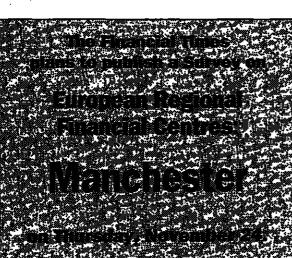
capacity rises 15%

LIMIT underwriting

Pre-tax profits were £4.97m London Insurance Market on investment income of £5.73m in the six months to September 30. Under Lloyd's Investment Trust, the largest Lloyd's investment trust, vesterday announced a 15 per three-year accounting convencent increase in its underwrittion, income for the period does not include results from ing capacity, alongside its first interim results.
LIMIT's maximum capacity,

underwriting. Mr Jonathan Agnew, chair man, said underwriting remained favourable this year with stable premium rates and satisfactory levels of

Earnings per share came out at 1.42p and the board declared an interim dividend



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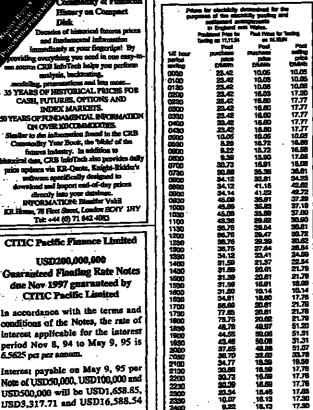
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### COMMODITIES AND AGRICULTURE

### India aims for sugar self-suficiency Tea planters

By Shiraz Sidhva in New Delhi

India expects to increase its sugar production to 12.2m tonnes from 9.8m tonnes and to be self-sufficient in the commodity in the season starting October this year. This reverses a steady decline in sugar production over the past three years, when the country had to rely on imports to meet domestic demand.

Mr Kalpnath Rai, the Food minister, said this week that the Narasimha Rao government's policy of offering remunerative prices to sugar farmers had yielded a bumper cane crop in the 1994-95 season.

The world tungsten market,

severely depressed since 1989.

has picked up smartly this

year, and experts are already

worrying about a future short-

age of the metal in the face of

Government and industry

representatives who met for two days earlier this week in

Geneva said they expected

strong growth in tungsten

demand this year and next

allied to world economic recov-

now closed, especially in indus-

trialised countries, the extra

demand is being met from

stocks. But once stocks dry up

By Deborah Hargreaves

Rhône Poulenc, one of

Europe's largest agrochemicals

groups, said yesterday that it

would start an experiment in

Integrated Crop Management

to run alongside its trial

organic farm in Ongar, Essex.

The company said it would monitor its use of agrochemi-cals and artificial fertilisers

the market may face serious

With many tungsten mines

surging demand.

White sugar futures climbed to fresh four-year highs at the London Commodity Exchange yesterday as fears of supply tightness kept the recent rally going. Traders told the Reuters news agency that China, Yemen and

Iran were each rumoured to have bought a cargo of whites originally destined for India. In late trading the March delivery position reached \$370 a tonne, up \$6.80 on the day and \$39 since the start of October.

Tungsten shortage looms as demand grows

Rhône Poulenc to launch integrated farming trial

India imported 1.9m tonnes of sugar this year, though last year's production of 9.8m tonnes was up by 24 per cent over the previous year. The import of 1m tonnes through government-owned trading companies led to a controversy and a subsequent jump in

instability in event of a sharp

recovery in world tungsten

consumption", according to the

United Nations Conference on

Trade and Development, which

The price of ammonium par-

atungstate, a key intermediate

product, has doubled since the

beginning of 1994 to around \$93-95 per mtu (10kg) in Europe. This, Unctad says, has

led the industry to consider

reopening conversion facilities.

However, prices of tungsten concentrates remain too low to

World mine production of

tungsten slumped from a peak

of 60.426 tonnes (metal con-

tent), in 1989 to 30,286 tonnes

in 1993 the lowest level since

the 1960s. That compared with

environmentally-friendly way.

"We are really taking modern

technology and combining it

with the best traditional meth-

The new study will take

place on 24 hectares on the

company's Bundish Hall Farm,

which is adjacent to Boarded

Barns where organic methods

ods," an official said.

reverse mine closures.

sponsored the meeting.

The country's sugar industry launched a campaign for complete deregulation of the sugar market, saying that plant capacity lay idle because of the government's system of moni-toring the distribution of cane. The government has yet to decide on the issue. The minister said the gov-

consumption of ores and con-

centrates of 32,967 tonnes last

Mines in industrialised coun-

tries are producing only a

tenth of their output at the

beginning of the 1980s and in

developing countries only about a fifth. Even in China, the world's biggest producer,

mine production has more

than halved since the late

1980s to less than 20,000 tonnes

Unctad says the recent impo-

sition by the US and the Euro-

pean Union of anti-dumping

duties on imports of Chinese

concentrates gives an opening

to Russia - though it too has

suffered from disrupted pro-

In the much longer term the

tently been around half of

those achieved on its conven-

tional acres. Over a four-year

period, the cumulative gross

margin per hectare has been

£2,557 for the organic part and

£5,487 for the conventional

"All our indications are that

the gap will continue to widen

between the organic and con-

ventional profit levels," said a

company official, "with ICM

we're looking at a refinement

GRAINS AND OIL SEEDS

in 1993.

ernment had cleared 74 licences for the setting up of sugar factories, which would raise sugar production by another 2.5m tonnes in the near future. Mr Rai said the total price payable to cane growers this season increased to Rs54.43bn, compared to Rs44.23bn in 1993-94. Almost 99 per cent of the amount had already been paid by sugar mills to growers as a result of

The government distributes sugar through a subsidised public distribution system using ration cards. Sugar is available on the open market but at much higher prices.

outlook for tungsten is mixed,

according to Mr Peter Johnson

tries Federation. He told the

meeting that while industrial

developments offered poten-

tially important market oppor-

tunities - notably in electron-

ics. medical equipment,

armaments and cutting tools -

some traditional uses were

Cermets and ceramics were

increasingly used in place of

tungsten carbide and the lon-

ger life of cutting tools was

reducing replacement demand.

The US industry would also

have to face up to the impact of lower spending on defence

equipment and intense foreign

competition in aircraft applica-

The new ICM approach aims

to be as profitable as conven-

tional farming since any slight

reduction in yields should be compensated for by the lower

cost of agrochemicals and

other inputs which will be

A large cost for the organic

land is the need to grow a fer-

tility crop such as clover every

couple of years in the land's

rotation system to improve soil

COCOA LCE (E/tonne

tions. Mr Johnson said.

likely to decline.

of the US Metal Powder Indus-

# production

the government's efforts. gest buyer of Indian tea. Now we are strapped with

amount Tea Marketing.

According to the Consulta-

180m to 200m kg of tea every year to prevent an uncomfort-

had been buying nearly 100m

That had resulted in a 12 to 15 per cent cut in the prices of all good and medium quality teas, Mr Dudeja said.

Traders said the situation had worsened this year after most planters stepped up production in anticipation of higher purchases by Russia under a debt repayment deal. The speculation, however, has backfired, with the Russian buying not picking up as expected," said Mr Haresh Parekh of tea brokers J. Thomas & Company.

production will touch 770m kg, up from the previous year's 758m, adding further to the rising stockpile.

hit by falling exports and growing stocks, have decided to halt production during the three months to February, reports Reuters from Bombay.

Traders said the industry had been facing a glut for the past two years, caused by two bumper crops and dwindling exports to Russia, once the big-

huge stocks, and some of that is of inferior quality. The halt in production was thus unavoidable," explained Mr Vijay Dudeja, chairman of Par-

tive Committee of Planters' Association, production will be suspended in all prime plantation areas in the eastern and north-eastern regions. These include the gardens of Assam. Terrai, Dooars and Cacchar, which account for nearly 50 per cent of the country's total "We need to export at least

able surplus, but that has failed to happen." said Mr India's annual exports have

not risen beyond 140m kg in the past two years. In the three years following the collapse in 1991 of the Soviet Union, which kg a year, they fell by at least 55m kg.

Traders estimate that 1994

### Danish pigmeat co-ops study merger proposal

Hilary Barnes reports on a controversial plan

which already include some of the largest pigmeat companies in Europe, are considering merging to form what the Association of Danish Slaughterhouses claims would he the biggest pigmeat process-

ing group in the world. At this stage the idea is only the subject of a debate among the farmers who own the businesses: there have been no merger negotiations as such.

If the merger takes place the resulting company will be the second largest industrial group in Denmark, with a turnover of between DKr30bn and DKr40bn (£3.12bn-£4.16bn).

Denmark's pigmeat industry has turned in an impressive performance since it made its reputation at the beginning of this century as a supplier of bacon for the British breakfast table it now claims world market shares of 20 to 30 per cent, varying by product, for internationally-traded pigmeat. The country has only 5m people, but produces 20m pigs a year. exporting 80 per cent of the pigmeat produced. Pigmeat is Denmark's largest single export product, worth about DKrl8bn in 1993, about 8 per cent of the country's merchandise exports.

The industry owes its success, say the Danes, to the cooperative structure, which gives farmers control all the way from the pig sty - through breeding and processing to sales and marketing.

"We are able to produce raw material of a uniform high quality, and have a system of production which meets the consumer's demand for pure, healthy and nourishing meat products," says Mr Bent Sloth, pig farmer and chairman of the Association of Danish Slaughterhouses.

The industry has rationalised rapidly. Three decades ago there were almost 100 co-operative slaughterhouse companies; now there are just four - Dan-

MEAT AND LIVESTOCK

■ LIVE CATTLE CASE (40,000lbs; cents/lbs)

anish co-operative ish Crown, Vestjyske (West slaughterhouses, Judland), Steff Houlberg, and Tican - plus the associated companies that process meat into hams, sausages and other value-added products.

Mr Sloth favours the merger, which in itself is a sign of how the idea has matured. His predecessor as chairman was voted out in the mid-1980s for supporting a proposal for a pigmeat monopoly company. "It is time for the Danish pig

of Danish Crown, the largest of them, concedes that there will he advantages in terms of international sales and market. ing strength, as well as economies of scale to be exploited. But counterbalancing these advantages, in his view, are the problems of managing such a gigantic enterprise.

Mr Bent Maribo, chairman of Steff Houlberg, ranking third among the four, is unequive-

	Danish Pigmeat Exports in 1993	٠.	
Destination	Tonnes	(DIRK	Value on DKr)
France Germany Italy UK	90,445 176,023 88,304 145,431	. <u>-</u>	1,238 2,463 1,184 2,547
EU total	529,458	: • : •	7,811
Japan US	139,920 52,472	,4 : ;; ;;,	4,519 732
World total	783,588	· .	13,812

industry to give priority to competing with the pig produc-ers of other countries rather than with each other." Mr Sloth declares in an issue of the slaughterhouse association's magazine devoted to the merger issue. He argues that if the Danish companies do not merge with each other one or other of them may well merge instead with a foreign company. "But if the supplier chain is extended to other countries, where the same quality guarantees cannot be provided, we risk losing all the advantages which the Danish

industry enjoys." He does not think there is any risk of loss of commercial dynamism if domestic competition is largely eliminated. The company would be measured by its ability to pay its farmersuppliers a better price for their pigs than the co-operatives' foreign competitors are able to pay theirs, he argues, and this would keep the com-pany on its competitive toes.

The chairmen of the four cooperatives are less sure. Mr

JOTTER PAD

cally opposed to a one-company solution. "It will not mean a strengthening, but a weakening, of the Danish sales position," he says. International buyers, especially in Japan which is the most valuable export market for Danish pigmeat, want to have a choice of suppliers, and if there is only one Danish company. they will exercise their choice рà buying more from Taiwan, the US and France, he warns. For similar reasons, Danish buyers will begin buying a higher proportion of their meat from abroad, while the private Danish suppliers, who account for about 4 per cent of the market, will gain market shares as

Domestic competition, says Mr Maribo, is one of the factors which has made the Danish slaughterhouses among the most efficient in the world. Eliminate this competition "and measuring success will be difficult", he says. Mr Egon Kristensen, chairman of Vestjyske, agrees. "Monopolies haven't always been the most efficient." he points out.

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#### have been employed on 24 hectares for the past five years. more closely as well as looking Rhone Poulenc has found at the use of rotation systems and different forms of cultivathat the gross margins on its COMMODITIES PRICES BASE METALS Precious Metals continued LONDON METAL EXCHANGE MALLMANIUM, 99.7 PURITY (Siper tonne 1843-44 1846-47 1845 1855-56 1858-59 259.097 E ALLIMINIUM ALLOY (\$ per tors) 2.910 III LEAD (\$ per tonne) 679.5-80.0 882/881.5 Kerb close 43,414 Open int. Total delly turnover ■ NICKEL (\$ per tonne) 7381-85 7425-30 7450/7320 AM Official Kerb close Open int. Total daily turnover 7280-81 TEN (5 per tonne) 5170-80 6200-10 6220/6080 6140-45 6075-85 Kerb dose 3,225 M ZINC, special high grade (\$ p 1140-41 1137-38 1164.5-65.0 1160-61 High/law 1133 1160/1160 AM Official Kerto close Open int. Total daily burnover 11,130 ■ COPPER, grade A (\$ per torne) 2672-73 2885 2665-68 High/low AM Official 222,709 # LME AM Official 2/\$ rate: 1,6070 Spot: 1,5990 3 mithe: 1,5980 6 mithe: 1,5959 9 mithe: 1,5937 III HEGH GRADE COPPER (COMEX) Day's Opens change High low lest Vol 124.30 +0.70 124.30 123.80 1,511 123.35 +0.65 123.80 122.35 35,987 +0.75 122.50 122.50 932 +0.75 - 585

101,592 22.281 PRECIOUS METALS MATURAL GAS NYMEX (10,000 mm8tu.; \$/mm8tu.) III LONDON BULLION MARKET (Prices supplied by N M Rothschild) Gold (Troy oz.) \$ price 384.10-384,40 1.783 +0.014 1.810 1.771 27.777 11.955 1.930 +0.014 1.945 1.908 21.647 5.286 1.925 +0.019 1.940 1.910 14.294 2.131 1.885 +0.019 1.910 1.870 12.701 7.31 1.885 +0.007 1.870 1.885 1.880 7.143 5.79 1.885 +0.007 1.870 1.885 8.847 278 383.70-384.10 384.30 384.20 385.30-385.60 Day's High Day's Low 384.20-384.60 III UNLEADED GASOLINE Loco Ldn Mean Gold Lending Rates (Vs US\$) -0.15 57.25 55.80 26.408 15.389 -0.12 55.80 54.85 20.463 7,030 -0.03 54.90 54.35 7,985 2,773 -0.18 55.00 54.85 4,117 295 -0.18 56.35 58.10 5,023 382 -0.08 - 1,654 87 p/troy oz. 319.65 324.25 329.40 341.85 513.50

WHEAT LCE (£ per torms) E GOLD COMEX (100 Troy oz.; \$/troy oz.) 385.0 +1.4 386.4 384.3 82.505 387.6 +1.4 386.4 384.3 82.505 387.6 +1.4 390.0 388.0 10,111 393.3 +1.4 393.5 392.2 10,156 386.4 384.3 82.505 21,302 2.23,745 1,680 380.0 380.0 10,111 70 393.5 392.2 10,156 984 397.1 380.5 5,214 320 165,721 28,197 # PLATINUM NYMEX (50 Troy 02.; \$/troy 02.) 411.1 +22 411.5 408.0 18.349 9.085 415.6 +2.3 416.0 413.0 7.426 1.822 420.0 +2.3 420.0 418.0 1.854 57 425.1 +2.3 - 500 1 7,426 1,854 500 28,139 18,966 PALLADRUM NYMEX (100 Troy oz.; \$/troy oz.) 157.75 158.50 157.75 +0.45 158.50 +0.20 159.25 +0.20 157.70 156.50 SILVER COMEX (100 Troy oz.; Cents/troy oz.) 518.1 45.7 511.0 511.0 50 50 525.9 +5.8 527.0 520.0 26,919 8,720 531.7 +5.8 531.5 527.0 5,215 961 537.8 +5.8 538.0 533.0 4,571 1,422 **ENERGY** ■ CRUDE OIL NYMEX (42,000 US galls, \$/barrel) -0.20 18.18 -0.17 18.11 -0.16 17.97 -0.16 17.85 -0.12 17.73 M CRUDE OIL IPE (\$/parrel) 16.43 22.842 18.45 18.35 16.39 M HEATING CIL HYMEX (42,000 US galls.; c/US galls.) 50.35 -0.22 50.85 50.00 42.083 10.611 50.90 -0.19 51.10 50.55 37.423 5.433 51.40 -0.14 51.60 51.16 22.813 1.185 51.10 -0.04 51.10 50.85 12.593 828 50.50 +0.16 - 7.687 13.448.85 +0.16 - 4.638 322 153.995 18.872 Sett Day's Communication of the Communication of th

103.60 -0.60 103.80 103.60 104.50 -0.80 105.00 104.50 106.40 -0.95 107.00 106.40 108.60 -0.75 108.95 108.60 110.60 +0.20 111.15 1\*0.50 73 91 49 26 25 2 316 Jan Mar May Jul Sep Total 93.90 -0.35 93.90 -3.65 WHEAT CST (5,000bu min; cents/60% bushel) Dec Her May Jel Sep Dec Total 378/6 -1/4 382/0 378/2 30,984 15,714
391/0 -1/0 394/0 390/0 27,168 9,391
370/0 +0/4 371/6 368/4 4,361 845
337/6 - 340/0 337/4 10,484 1,949
343/0 +0/4 343/4 343/0 308 6
353/4 +1/0 354/0 253/4 156 3 73,469 27,708 22/0 218/4 109,117 29,021 233/4 230/0 68,687 11,034 240/4 237/6 27,592 2,701 245/0 242/6 35,342 2,78 249/4 244/0 35,342 2,78 254/0 252/2 16,777 2,067 ■ BARLEY LCE (£ per tonne) 98.00 -1.25 101.50 -0.50 104.50 -105.45 -0.55 -26 562/6 557/6 7,945 10,553 -3/2 573/4 568/0 66,666 33,994 -3/0 563/6 576/4 26,694 6,368 -3/2 581/2 567/0 13,963 2,717 -2/6 597/2 563/0 22,111 2,648 -1/2 569/4 596/4 1,628 91 SOYABEAN OF CET (80,000bs: centa/b) 77.78 -0.32 28.20 27.75 38.296 11.274 28.81 -0.40 27.25 26.80 22.390 6.949 26.02 -0.30 28.48 28.00 17.502 6.404 25.39 -0.28 25.80 25.38 13.918 2.903 24.91 -0.21 25.30 24.90 7.089 2.594 24.70 -0.25 25.00 24.70 1.847 283 194,482 30,713 SOYABEAN NEAL CET (100 tons; \$/ton) 159.4 -0.1 180.3 159.0 35,635 4,528 161.0 - 162.0 160.6 20,502 2,831 185.4 - 166.2 165.0 17,843 2,845 170.1 -0.1 170.8 169.8 8,714 913 174.9 -0.2 175.7 174.8 9,312 1,840 177.0 - 178.0 176.8 1,615 371 181,168 13,705 M POTATOES LCE (E/tonne) May Jun Total 105.0 238.6 250.0 250.0 122 # FREIGHT (BIFFEX) LCE (\$10/index point) +16 1850 1840 252 +45 1790 1755 432 +35 1715 1690 1,082 +12 1855 1845 898 +7 - 132 +70 - 17 Boy Dec Jan Apr Jul Jan Total 1846 +16 1790 +45 1715 +35 1852 +12 1480 +7 1610 +70

Wool Prices continue to fluctuate without 3 positive overall trend, at least in the short term. A peak in mid-September was followed by a sharp sathack, but recovery from this tailed to establish a new peak before the market fell back slightly less week. This minor downturn also tailed to develop further and Australia's Eastern market indicator rose 9 cents to 790 during this week's sales. The New Zeeland market eased, with the indicator there down by 14 cents to 543 NZ cents a leg. The US dotar's fluctuations, which have relevance for currencies in wool producing countries so well as for wool and textile trade more widely, have lended to push up prices in many wool textile manufacturing countries but have at the same time tended to make buyers further down the trading line even more reluctant to operate.

937 19,289 874 961 43,147 1,364 971 14,864 103 985 6,600 22 961 43,147 971 14,864 985 6.600 997 12.612 ■ COCOA CSCE (10 tonnes; \$/tonnes) 1277 13,088 2,636 1316 34,003 3,311 1355 1346 8,363 282 1380 1368 3,687 318 1405 1395 1,499 -1423 1423 5,063 -71,695 6.555 ■ COFFEE LCE (\$/tonne) -13 3460 3430 -12 3520 3466 1 -20 3465 3425 -25 3430 3400 -10 3405 3380 -17 3396 3370 367 103 12,454 2,287 ■ COFFEE 'C' CSCE (37,500lbs; cents/lbs) 183.85 -3.05 186.40 183.15 7,931 4,191 188.95 -2.80 191.50 188.25 13,555 3,952 191.20 -2.75 193.75 191.00 5,363 333 192.90 -2.85 194.75 192.90 1,986 241 194.25 -3.95 197.20 194.25 1,071 101 194.70 -3.70 196.00 196.00 971 72 Gec May May Jul Sep Dec Total 31,004 8,891 ■ COFFEE (ICO) (US cents/pound) 15 day average \_\_\_\_\_\_ 179.81 180.60 ■ No7 PREMILIM RAW SUGAR LCE (centa/fos) 13.00 13.43 13.58 +0.10 13.40 WHITE SUGAR LCE (\$/tonne) 377.50 +7.80 377.50 389.90 1,731 551 370.50 +7.30 370.50 362.30 9,358 1,019 385.60 +7.10 385.60 357.80 3,486 673 387.00 +8.20 357.00 350.10 2,888 218 332.00 +8.80 329.00 327.50 1,080 62 331.10 +8.90 327.50 327.50 62 80 331.10 +8.90 327.50 327.50 680 2,482 18,640 2,412 SUGAR "11" CSCE (112,000lbs; cents/lbs) 13.26 +0.11 13.28 13.04 101,060 7,321 13.31 +0.05 13.12 13.11 29.19 1,985 13.11 +0.05 13.14 12.97 18.017 1,178 12.45 +0.05 12.89 12.37 16.447 1,187 12.05 +0.05 12.69 12.05 2.985 151 12.70 +0.10 12.10 12.10 13.9 EL COTTON NYCE (50,000/bs; cants/fbs) 73.13 +0.88 73.55 72.25 20.917 5.089
74.82 +0.97 75.19 73.90 18.957 2.470
76.05 +1.00 76.15 75.10 74.80 531
78.63 +1.20 76.90 76.00 4.578 331
71.05 +0.62 - 616 50
70.00 +0.60 70.05 89.74 3.065 118
55.234 8.564 Dec Mor May Jul Oct Dec Total ■ ORANGE JUICE NYCE (15,000fbs; cents/bs) 112.55 -0.80 113.80 112.00 14,744 852 116.25 -0.60 117.00 115.90 5,549 132 119.30 -0.65 120.00 118.75 1,648 47 122.50 -0.65 -- 915 5 125.15 -0.65 125.75 125.75 1,244 32 28,896 1,723 **VOLUME DATA** 

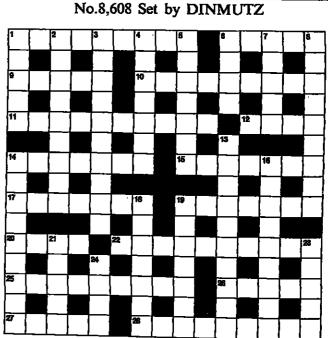
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CET, NYCE, CME, CSCE and IPE Crude Oil are one INDICES ■ REUTERS (Base: 18/9/31=100) CRB Futures (Base: 1967=100)

Dec Feb Apr Jon Ang Oct Total 70.475 +0.525 70.500 70.150 29.458 8.672 69.750 +0.229 69.775 69.500 22.741 5,023 69.925 +0.025 69.550 69.800 15,020 1,544 69.625 +0.100 69.650 69.425 5,195 222 64.300 -0.100 64.350 84.150 1.604 65.175 +0.025 65.175 65.175 305 ■ LIVE HOGS CME (40,000lbs; cents/lbs) 33.625 +0.725 33.775 33.500 16,135 2,660 37.200 +0.625 37.350 38.850 10,875 1,967 42.975 +0.275 43.009 42.550 2,606 42.450 +0.360 42.450 42.160 527 39.450 +0.250 39.600 39.400 407 41.575 +0.575 41.950 41.150 8,125 1,555 41.800 +0.725 42.050 41.325 1,242 236 42.700 +0.850 43.950 42.500 321 15 43.400 +0.500 43.950 43.550 347 13 42.350 +0.525 42.500 42.350 85 6 LONDON TRADED OPTIONS Strike price S tonne LITTURE I LA . E COPPER 2600 .

117 95 77 COFFEE LCE 252 310 276 302 333 E COCOA LCE 975 .. \_\_\_\_ 53 68 \_\_\_\_ 7 45 \_\_\_\_ 6 27 \$18.16-8.18z

LONDON SPOT MARKETS ■ CRUDE Oil, FOB (per barrel/Dec) Brent Blend (dated) Brent Blend (Dec) W.T.I. (1pm est) M OIL PRODUCTS NWEprompt delivery CiF (tonne) Premium Gasoline Gas Oil \$157-159 Gas Oil Henny Fuel Oil Naphtha Jet fuel Diesel Patroloum Argus, Tei \$102-104 \$180-181 \$161-163 ■ OTHER Gold (per tray az)\$
Silver (per tray az)\$
Platinum (per tray az)
Palladium (per tray az) \$384,25 518.5c Copper (US prod.) Lead (US prod.) Tin (Kusis Lumpur) Tin (New York) 128.0c 40.75c 15.45c 282.5c Cattle (live weight)† Sheep (live weight)† A Pigs (live weight) 115.17p 100.81p 76.90p Lon. day sugar (raw) Lon. day sugar (wte) Tate & Lyte export Barley (Eng. feed) Moize (US No3 Yellow) Wheat (US Dark North) Unq. 132.0y 165.0u Rubber (Dec) ♥
Rubber (Jan) ♥
Rubber (KL RSS No.1 Jul) 85,75p 85,25p 343.0m Coconut Oil (Phil)§ Palm Oil (Malay.)§ Copra (Phil)§ \$595.0q \$710.0z

na (US) £163.0t **CROSSWORD** 



**ACROSS** 1 Shelley work, say, for idle 6 Aspect of champion in this

paper (5) 9 Was it applied to the bow in Nero's instrumental? (5) 10 Go higher in best suit, pres-enting backside to public (9)

east? (4)

14 Difficult to prove, the more

16 Play patience? (9) complex it is! (7) complex it is! (7)

15 Desperate doctor takes wine

18 New novel in record cover (7)

19 Saint ruled out this filled roll cold (7) Non-availability of cab seen 21

break (9) 26 Wise man of Lytham (5) 27 Alice at 12, say? (5) 28 Horse slip over buffers? (9)

1 Old man, for example, to call for silence over problem (5)

2 But would they bring back Constables? (9) 3 Soup in terms one can trans-4 Gangster fits cowl over chim-

ney in Scotland (7)

young Kenneth with daugh-6 Stars, we hear, in gala? (4) 7 Make butter with church vessel (5) 8 Telegraphed response, you say, from noisy Terpsichorean? (3-6) 11 One may turn up the volume to order (10)

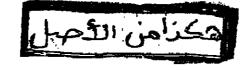
12 Turns which impress the field? (10) 12 Money for a governess out 14 A red giant turns out to be a

5 Leisure time, possibly, for

from Germany ... (7) ... provided with informa-tion about tea-time (5) 17 Non-avaluatity of cao seen to be troublesome (7)
19 Colonist who stays out of debt? (7)
20 Advantage of the border (4)
22 Settled cost of fleece? (10)
25 Bamboozled with divine leg-break (9)

21 ... provided with information about tea-time (5)
24 Neat drawer for papers? (4)
25 Solution 8,607





■ Welfare cuts are needed to release resources for growth

### FINANCIAL TIMES SURVEY

# HUNGARY

■ Gyula Horn and the luck of the Hungarians Page III

Friday November 11 1994

# The hare becomes a tortoise

The most westernised country in the region has squandered its head-start in the past few years. Nicholas Denton and Virginia Marsh report

ungary, the pioneer of eastern Europe's economic reforms, remains in many ways the most advanced of the post-commu-nist democracies. But this central European state of 10m people with an impenetrable language appears to have stumbled and squandered much of its head-start over the past couple of years.

The national mood has shipped back into a customary malaise after a brief burst of optimism when voters ejected an unpopular conservative government in May and elected what appeared to be a more competent Socialist-led admin-

Mr Gyorgy Ivanyi, commissioner for bank privatisation at Hungary's AVRT state holding company, feels along with many commentators that Hungary has lost its "competitive edge." He says: "We are not Poland, forced to make radical moves. Nor a Czech Republic, which can quietly wait for an upturn in the world economy before doing anything serious. That is why we have neither the dynamism of the Polish economy nor the consolidation of the Czech one."

This loss of self-esteem matters. Hungarian business and government leaders, lacking confidence in themselves, find it difficult to woo international investors. "The Czechs have sold their country fantastically, but the Hungarians have not done so in any meaningful way," admits Mr Janos Bartha, managing director of CS First Boston in Budapest.

Some observers are not surprised that Hungary should slip down the rankings. "It is logical that as others catch up, Hungary falls into its place."

says Mr Andras Simor, managing director of Creditanstalt Securities in Budapest.
But the economic numbers

are worse than that. Output has dropped 20 per cent in four years; it has also fallen more or risen less than the east European average every year since 1991. Recovery this year has run straight into balance of payments constraints. The economy may show GDP growth of up to 3 per cent this year but is forecast to sink back into a second dip of recession in 1995 as government austerity measures bite. inflation, at 19.5 per cent in August, and the public sector deficit. expected to reach 7 per cent of GDP, are intractable. Hungarian debt is stuck stubbornly below investment grade while the rating agencies have twice upgraded the Czech Republic.

Hidden by the gloomy national statistics, however, are a host of real achievements. Though a deputy president of the National Bank of Hungary and former official of the International Monetary Fund, Mr Gyorgy Szapary argues: "You cannot reduce a country to a fiscal deficit or a balance of payments number."

he national telecommunications company Matav is the first in the region to be privatised. Gas and electricity sectors are next in line. A start has been made to bring in foreign investment and expertise into the country's troubled banking sector. Activity on the Budapest stock exchange has taken off. Richter Gedeon, a pharmaceuticals manufacturer, and plas-tics producer Pannonplast are

portfolio investment has flowed into the country in the

past 12 months. A new generation of entrepreneurs has spring up. Businessmen like Mr Imre Somody, the founder of pharmaceuticals producer Pharmavit, have taken the place of the wheelerdealers who made their fortunes in the 1980s, only to lose them in the 1990s.

State-of-the-art digital lines have spread apace. New "GSM" mobile telephone services are a success. Construction has begun on the region's first privately-financed toll motorway, which promises to bring Vienna within two hours' easy driving of Budapest.

Complaints about banking services and office space, once staples of businessmen's conversation, are now muted. Hungary's many Cassandras have forgotten the inter-enterprise debt that they once said would entangle the economy.

Hungary has its precocity to thank for many of its advantages. The country opened up just in time, and lured foreign investors before the international recession hit and western multinationals retrenched. The lax communist regime allowed a relatively free flow of people and information. "Hungary is the most westernised country in the region," says Mr Gyorgy Suranyi, managing director of Central European International Bank Just look at the people, their outlook, their attitude."

But how has Hungary, with this rich inheritance, produced such a dismal set of economic statistics? One generous theory is that Hungary has gone fur-thest of the former Communist among companies that have countries in making bankbeen floated. A record \$400m of ruptcy a real discipline on cor-



Budapest's Castle Hill: the leader after one lap may not be the first to reach the summit

CZECH REPUBLIC SLOVENIA CROATIA BOSNI

porate behaviour. The government has also spent the most -\$3bn so far - in shoring up state banks made technically insolvent by defaulting clients. The measures should eventually bring benefits. But the hill comes first: lay-offs at bank-

rupt enterprises; high borrow-

ing rates charged by troubled

HERCEGOVINA

banks; and government bailouts which fuel the budget def-

There are, however, less charitable explanations for Hungary's poor economic performance. "The fact that Hungary started reforms earlier is concedes Mr Szapary.

The sense of being ahead has sometimes induced complacency. "Politicians could afford the luxury of not reforming and that is what they have been doing," says Mr Laszlo Csaba of the Kopint-Datorg

economic research institute. Moreover, Hungary's economic development in the 1980s was a mixed blessing. It was financed largely by foreign borrowing. Even the central bank admits that Hungary's debt ratios - debt service was 45.5 per cent of current account revenues in 1993 - are very near the critical point". The uniquely heavy burden has stood out all the more as Poland, Yugoslavia, Russia and Bulgaria have defaulted and moved towards rescheduling.

Mr Almos Kovacs, a deputy esident of the National Bank of Hungary, issues the kind of advice a doctor might give to one of the many Hungarians with heart conditions: "Since we have this additional constraint that these others don't have we must be careful how we generate economic growth." Another legacy is obstinate inflation. Price controls were

**KEY FACTS** . 93.030 sa km Head of State . Aroad Goncz ... Hungarian Forint Currency .... Exchange rate ..Dec 1993 \$1≕Ft100.7 £1≕Ft149.06 ..... Apr 1994 \$1=Ft102.4 £1=Ft155.42 ...... Oct 1994 £1=Ft172.76 Total GDP (\$bn). 38.1 Percentage change in 1... +1.0 -11.9 na. industrial output. -11.8 21.1 Acricultural output 20.0 Consumer prices \*. 11.0 Discount rate (%) 3... 22.0 Treasury bill rate (%) 3 Current account balance (\$m).. -819 Merchandise exports (\$m). Merchandise imports (\$m). 8,119 1,751 12,140 2.311 Trade balance (\$m).

EBRD estimates for 1993. EBRD prolections for 1994. (1) National accounts at constant prices. (2) End year.

(3) December 1993, April 1994, (4) Trade figures from IMF. First quarter only 1994. Sources: EBRD, Transition report Oct. 1994. IMF.

lifted earlier and more gradually than in other east European countries. That meant that inflation peaked at 38 per cent, lower than elsewhere. The downside is that expectations of inflation are built in to the public consciousness. Phased adjustment in prices has also allowed wages to keep up more than they could in Poland and the Czech Republic. Corporate profitability has

Hungary's reforming communists may also have institutionalised a western-style welfare system too early - at a time when it seemed that the country could afford generous benefits and exorbitant tax rates. Mr Janos Kornai, an economist, coined a phrase: Rungary has developed a "premature welfare state".

His Swedish colleague, Mr Anders Aslund, looks no further for an explanation of Hungary's malaise, "There is little reason to expect economic

= STATE PROPERTY AGENCY ===

dynamism from Hungary when only Sweden has a higher tax

But others insist that it is not vet time to write the country off. One favoured metaphor for eastern Europe's arduous economic transition is the 10,000 metre race. One should not judge the outcome by the position after the first lap.

Mr Laszlo Bekesi, the new Socialist finance minister, is after all making the most serious effort in years to get to grips with welfare spending. And the sophistication of people, companies and institutions must eventually pay off in better economic performance. At least that is what Mr George Kopits, country rep resentative for the LMF, helieves "They have fantastic human capital. In this country if they moved government out of everyday life, the economy could grow at 5 per cent plus for several years in a row. No

### State Holding Co.

# New Privatisation Strategy in Hungary

### **Accelerating Privatisation**

Almost half of the privatisation in Hungary has been accomplished. According to the latest estimations 47% of State property had been privatised. Opinions differ as to the value of this privatised property. According to the data of the State Property Agency 1800 enterprises belonged to the Agency in 1990 and the value of the companies owned by the State was estimated to 2000 billion HUP (appr. 11,461 billion pound sterling). Some experts believed even at that time that it is more, appr. 3000 billion HUF (appr. 17,192 billion pound sterling).

Hence half of the State property was sold during the first four years of the Hungarian privatisation obtaining a fairly good position in the Central Eastern European region which meant that the international capital especially at the beginning of the political changes in the region became interested first of all in Hungary. This was due to several practical reasons. Among others because it was in Hungary where the legal framework of market economy has been established at the earliest, this country is politically fairly stable, in recent years there were less strikes in Hungary than in the whole Europe. Furthermore a relatively cheap and extremely well trained work force is available here. It is no accident that appr. 7,2 billion USD capital has flown into this country during the last four years in the framework of privatisation and direct investment.

However the impetus of the start has somewhat slowed down. The cream of the companies has been sold fairly soon, although the most valuable companies are still partly or as a whole state property. But a special Act of Parliament regulates what percentage of prolonged state property should be kept up in these companies. It is also certain that the interest towards the other countries of the region has increased too and there is a competition to attract foreign investors. Hungary's position in this competition is still good.

The conception of the Hungarian privatisation has changed several times during the recent years. The start in 1989-1990 which is now called the period of spontaneous privatisation lacked the full legal framework. The Acts were passed by the Parliament only later, creating the State Property Agency and the State Holding Co. to manage the companies intended to be kept in prolonged state ownership, or for partial privatisation.

Obviously in this new situation, when this country has a new Government since last summer it is not worthwhile to analyse the events of the previous years. It is more important to see what are the plans of the new Government which was formed from the two opposition parties of the previous

The new Government declared several times its intention not only to follow but to accelerate the process of privatisation. According to certain ideas the part of state property intended for privatisation may be privatised within the next two or three

However it was the very first step of this Government to state that it intends to change the previous conception of privatisation which was severely criticised especially at home. The new strategy and draft law was prepared by a committee of eco-nomists and successful entrepreneurs and after a thorough professional and ministerial harmonisation it was presented to the Government at the end of October. It is intended to present this draft to the Parliament already in November and though a lively debate is expected there the Parliament may pass this law this year and the new privatisation strategy and law may come into force by January 1995.

The new strategy aims at helping the Hungarian economy to the field of growth as soon as possible. There were long prosional debates about whether the companies to be privatised should be first restructured and improved and sell them afterwards, or to sell them as they are now and the improvement should be the responsibility of the new owner. The prevailing standpoint in the debate was that the State should not experiment to save with capital injections those companies it was unable to manage effectively by central direction, instead let the market and the new owners do this job.

The intention to decrease the role of the State is shown by the fact that it is intended to decrease the property of prolonged state ownership. Therefore the State Property Agency and the State Holding Co. will be merged. The debate is still going on about the character of this new organisation and the final decision will be made by the Parliament. The topic of the debate is the form of the new organisation, whether it should be a joint stock company or a state organisation. It seems that the strongest argument is for a oneman company form. In this case the sole owner would be the State and the Minister for Finance would exercise the ownership

Irrespective of the form of the new. organisation it will be easier for the foreign investors because they will have only one partner to deal with. In this organisation not only the 160 companies of the State Holding Co. and the 600 companies of the State Property Agency would be under one management, but the property consisting mainly real estates hitherto belonging to the Treasury Holding Organisation.

The property involved is rather heteregeneous. Today those most valuable companies which according to a previous law only partially will be kept in prolonged state ownership are still owned entirely by the State. These are companies of strategically important branches, first of all of the infrastructure, for instance the Magyar Elektromos Művek Rt. (Hungarian Electricity Co.). the MOL Co. of the oil industry, the largest telecommunication company, the MATÁV Co. and the gas companies. The international investors and the Hungarian public opinion as well are greatly interested in the fate of these companies because of their decisive significance in the economy of the country. Similarly the companies of the pharmaceutical industry are considered to be among the most attractive Hungarian companies.

Although a number of conceptions have been elaborated as to their privatisation, or property management, these had not yet been finalised. However the need to accelerate the privatisation urged the leaders of privatisation to get the experts to elaborate already this year - probably by the end of November - the final strategy.

The new Government makes no secret about it that in the future the cash buying will be preferred. This is needed by the budget and the raising of the capital is indispensable for the development of the companies too.

The new strategy intends to give a greater role to the involvement of the foreign capital by establishing investment funds. Greater significance may be allotted to the Stock Exchange. It is intended to introduce 10-12 companies to the Stock Exchange in the near future.

At the same time it is also obvious that only a part of the companies may attract investors who pay cash. There are approximately 600-700 small or medium companies where they believe that although they would prefer cash buying, if there is no chance for it, then some form of preferential buying system may be acceptable. By this the foreign investors will be in a better position than they were before when they had to pay cash for those companies which could be bought by domestic investors for preferential bonds or credits.

It is anticipated that there will be companies where the method of privatisation will be the buy out of the company by the employees and management. In this case the preferential possibilities will remain. Moreover there is a new preferential possibility on the agenda, namely that if the employees and management buy 10% of the shares of the company, the further 40% may be paid in ten years and after that they receive the remaining 50% gratis. However this solution will be acceptable only if the company could not be sold hy any other way, because they do not wish to give up the intention that privati-sation should serve first of all the growth of the economy and the modernisation which can obviously be achieved only by involving fresh capital and by technical development.

At the beginning of October the Prime Minister appointed a new Director General of the State Holding Co. He is the 35 years old Attila Lascsik who is considered unusually young for this office in Hungary. He considers himself a technocrat, educated in finance, and gained experience until now in the business world and in the administration as well. Before his appointment he was one of the directors of the State Holding Co.

-Your appointment and the changes in the Board of Directors of the State Holding Co. was explained with the reason that the new Government wishes to see experts on these posts who serve the new privatisation strategy better. It is known that the State Holding Co. will soon discontinue because after pussing the new Act the privalisation organisations will merge. Your assignment will last only up to the end of this year. What can be done during such a

It is very important to preserve the continuity of the privatisation process even during this transition period and to avoid any disturbance of the work due to the coming changes. A great deal of preparatory work is needed until the new law comes into force because significant organisational changes will come about. The process will be more transparent and obviously it will also be more pleasant for the investors when after the state property to be privatised will be managed by one organisation and they will have to deal with only one organisation.

-This will be the case only next year, and at present a significant part of the companies attracting the foreigners most belong to the State Holding Co. Many people objected that lately the decision making processes slowed down somewhat while declarations about the intention to accelerate are frequently heard. How is it possible to cope with this contradiction?

-The companies may be divided into two large groups. The first group is more numerous, but their value is less, that is that a company belonging to this group has less than 1 billion HUF (5,73 million pound sterling) capital. These companies will obviously be more attractive to the domestic investors. Companies attractive to the foreign capital are mainly infrastructural systems, that is the electric power industry, gas supply, or telecommunication. In the case of these companies we will elaborate much more efficient privatisation tenders. We are preparing information memorandum, auditing corresponding to the international practice. The elaboration of privatisation conceptions are also in progress. We attach great importance to claborate such conceptions which correspond to the international customs, but at the same time has also the interest of the country in sight, because these branches are decisive with respect to the future of

-There were already conceptions before but less tenders. What will change?

These great infrastructural systems are today state monopolies and it is not our intention to change them into private monopolies. Therefore in the electric power industry we plan that the power plants and the network supply companies should be attached to the MVM Rt. (Hungarian Electric Co.) not by ownership but by trade connections. As a matter of fact this company today is the most valuable company of the country, the value of its power

plants, suppliers and network systems is appr. 500 billion HUF (appr. 2,87 billion pound sterling). The privatisation conception will presumably ready by the end of November. It is based on the privatisation strategy worked out by the British Schroeder Co. It seems possible that the preparations of the tender may start in December. However the actual privatisation will take place only in 1995.

Similarly the final privatisation conception of the gas companies will be pre-pared in the second half of November. We are well aware of the fact that the unambiguous tariff system is the precondition of privatisation. The Ministry of Industry makes serious efforts in this regard and hopefully this problem will also be solved by next January.

The privatisation of the most important company of telecommunication, the MATAV Co. has already begun, 33% of it was already sold by the State Holding Co. last year. Now we examine the possibility to introduce it to the Stock Exchange.

We pay great attention to the banks. There is a great interest on the part of the foreign investors too. The nearest possibility is the privatisation of the Budapest Bank Co., involving professional investor and fresh capital, but the conclusion of the contract is feasible only in 1995. By the way the quoted capital of the Budapest Bank is 12,64 billion HUF (appr. 72,45 million pound sterling). We are preparing to introduce to the Stock Exchange the largest residential bank, the OTP Co. (its quoted capital is 23 billion HUF - appr. 131,81 million pound sterling).

With regard to the industry the most successful and at the same time the most attractive field for foreign investors is the pharmaceutical industry. Its privatisation has already begun partly involving foreign capital and partly by introduction to the Stock Exchange. But naturally we count on the appearance of additional foreign investors too.

Further information please contact:

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State Holding Co. Press and Marketing Department Tel.: 36-1-267-6691 Fax: 36-1-209-3718

# Old order in a new guise

Like voters in other former ians returned former Communists to power in this summer's general elections, the second since the collapse of communism. Unlike many of their neighbours, however. Hungarians again elected a potentially strong and stable

With 72 per cent of seats in parliament, the Socialist-Liberal coalition has a large enough majority to pass any legislation, including amendnents to the constitution. The Socialists' control of 54 per cent of parliament means the party is likely to serve a full four-year term.

The government, a coalition between the Hungarian Socialist party, the heir to the Comnist party, and the liberal Alliance of Free Democrats, the election runners-up, has pledged to use its mandate to complete Hungary's transition to a market economy. Its key objectives are to finish the pro-cess of privatisation, stabilise the country's heavily indebted economy and lay the basis for strong growth and integration

into the European Union. Such ambitious aims, and the radical reforms which are required to achieve them, repent a big challenge for the HSP, a left-wing party elected, in part, to soften the pain of a transition which has already cost 1.4m jobs and caused living standards to plunge for many Hungarians. HSP leaders, however, recog-

nise that the country's poor economic situation means there is little room for manoeuvre. Mr Gyula Horn, the prime minister, says: "The basic fact is you cannot spend more money than you earn which is what our governments have been doing for decades ... It is our bad luck that we are the ones who will have to stop that practice ... Fundamental inges have to be made.

The challenge is to find a balance between the tough reforms needed to cure the economy and his party's desire to create "a social market economy" which offers protection to the poorest members of society, Mr Horn says.

Analysts say finding this bal-ance and formulating coherent, consistent policies will be difficult for a coalition grouping socialists with free market liberals and for an HSP whose members span the political spectrum.

The government's three months in office have already seen confrontations between different factions in the party. Mr Laszlo Bekesi, the finance minister, who is considered more of a liberal than a socialist, was forced to water down his austere mid-year budget and accept a retro-active 8 per cent increase in pensions after objections from trade unions

backed by cabinet members.

The soft economic policy line can be partly explained by the

wernment's unwillingness to take unpopular measures ahead of next month's nationwide local elections which will be its first major test since May's general elections. Opinion polls indicate little chance of a defeat for the

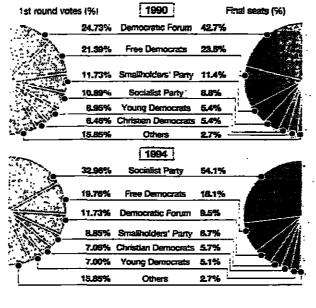
Socialists. However, the Socialists and the Free Democrats will face a combined challenge from the main opposition parties. The Hungarian Demo-cratic Forum, whose conservative-nationalist government suffered a crushing defeat in general elections, its ally the Christian Democrats and the liberal Young Democrats (Fidesz) have, for the first time, agreed to field common candidates in some districts. Mr Viktor Orban, president

of Fidesz, says it is essential the opposition works together to defeat the government parties in 1998. "The real challenge is to prevent fragmentation of the opposition. By 1998 the government will be unpopular and people will want to get rid of it. They won't be able to if there is no credible alternative. We have build up this alternative."

HUNGARY

Analysts say co-operation in the local elections could be the start of a realignment in the centre and centre-right parties to counter-balance the socialist-liberal alliance. This could lead Hungary towards a bipolar political structure rather than the present tripolar structure of socialists, liberals and conservatives. Mr Istvan Stumpf, director of the Budapest School of Politics, says:

Parliamentary elections



"The elections are important—ing together. If they get only 10 for the future. The three opposition parties will see if they can gain more support stand-

per cent of the vote, then moves to form a new centreright coalition will collarse."

### In politics, time proves a great healer

stranger than the Socialists and Free Democrats, partners in the new centre-left coalition government. One would not guess from their present intimacy that they were formerly implacable opponents. The Socialists were once the communist satraps of the Soviet Union and their most vocal critics were precisely the dissident intellectuals who went on to found the Free Democrats, writes Nicholas Denton.

This being Hungary, the truth is more subtle. The founders of the Free Democrats often came from communist family backgrounds and passed through Maoism to their final, liberal political destination. Meanwhile, Hungary's Communist rulers, chastened by the 1956 uprising, treated dissidents quite gently. "With few exceptions, these oppressed people were not physically hurt," says Mr Viktor Polgar, head of the Socialists' Budapest

campaign. "They had BMWs while I was

conomists believe Hungary faces a stark choice:

the country must cut

public expenditure, lower taxes

and restructure its bloated wel-

fare system, which last year

cost the equivalent of 29 per

cent of gross domestic product,

or sacrifice strong economic

growth and the chance to com-

pete in the single European

market, writes Virginia Marsh.

Mr Andrew Rogerson, resi-

dent representative of the

World Bank in Budapest, says:

"Radical changes in spending

are needed if Hungary is to

close the gap with western

Europe. To catch up will

require faster growth than is

now on the table. The govern-

ment has to find a way to pro-

vide both a social safety net

and the basis for sustainable

growth. It must release more

resources for growth and

However, it will not be easy

for a Socialist-led government,

elected in part to soften the

pain of transition, to overhaul

investment.

how, even in the late 1980s, police directed by the Communists beat up demonstrators on sensitive anniversaries. Wiretap reports of the Free Democrats' kitchen-table conversations were sent to ministers in the Communist government,

hard feelings. Some reform Communists feel that they did the tough work of the transition while the opposition basked in the admiration of the west. "The Socialists are people who fought for change, in a different way: they had to work within the system," says Mr Polgar. "I would have loved to have been in

Time has proved a great healer. Mr Ivan Vitanyi, a Socialist ideologist, now argues for an eventual merger of the coalition parties. One forgiving intellectual close to

eral gesture to rehabilitate the former communist regime and give it credit for

an alliance with former communists the Free Democrats had unappealing options:

but we don't have to be happy about it. It is the least awful alternative," he says. "But that is democracy, isn't it?"

FOREIGN POLICY

# Main goal is to join the EU

The overriding foreign policy objective of Hungary's new Socialist-led government differs little from its conservative predecessor: to integrate the country into western European structures through membership of the European Union and Nato by the end of the

Mr Gyula Horn, the prime minister, says EU membership is the main goal of his government. "This is a duty, a task of the utmost importance for us... Becoming a member means we will have been able to establish a social market economy and to comply with European Union standards and regulations. The other crucial factor is the security we think

we can find in the EU." The government is building on the work of its predecessor which, together with Poland and Czechoslovakia, signed an association agreement with the EU in December 1991 and formally applied for membership earlier this year.

Hungary, in common with other eastern European states, believes it is now up to the EU to reveal its timetable and conditions for membership. Mr Istvan Szent-Ivanyi, state-secretary at the foreign ministry, says: "The European Union does not have a clear policy towards central Europe. We hope this can be resolved at Essen summit in December. Now, we hear different points of view, from party to party and country to country. This makes preparatory work very difficult for us."

The government acknowledges that Hungary and other countries in the region must reform their economies before

joining the EU. But Mr Szent-Ivanyi says the EU should apply the same political rationale to eastern European enlargement as it did to mem-bers who joined in the 1986s and set its economic conditions accordingly.

He says: "The economic ents for our membership should be formulated so that the most advanced ceatral European countries have a chance to comply with them ... Portugal, Greece and Spain were admitted due to a strong political will to give a hand to the new-born democracles in those countries and to help consolidate them. This was a courageous and clever

Where the new government differs from its conservative-

Events in Romania and Siovakia have reduced prospects of agreement

nationalist predecessor is in its policy towards neighbouring countries, in particular Romania and Slovakia in his first speech to parliament as prime minister, Mr Horn said Hungary's most urgent foreign policy task was to eliminate tensions with its neighbours and negotiate basic friendship treaties with the two countries. Improving relations was the best way to promote the interests of the 2.3m ethnic Hungarians living in Romania and Slovakia, he said.

In a departure from previous policy, Mr Horn said his government would guarantee the inviolability of borders in the basic treaties - a guarantee upon which both Romania and Slovakia have conditioned bilateral agreements. -

Despite Hungary's overtures. the chances of a rapid agreement have been lessened by political events in Romania and Slovakia since the new government took office. In August, a nationalist anti-Hungarian party formally joined Romania's ruling coalition for the first time. In September, nationalists led by Mr Vladimir Meciar won Slovakia's general elections and are expected to

form the next government. Foreign ministry officials concede these events mean it is less likely that Bucharest and Bratislava will agree to Hungary's demands for improved treatment of ethnic minorities. But faced with stalemate at the political level, Hungary aims to improve economic and trade links with the two countries. Officials say the effect may spill over in other fields such as minority and human rights.

In the meantime, Hungary will continue to press the Council of Europe and the European Union to provide greater legal guarantees to protect minority and human rights. Mr Szent-Ivanyi says: "This is not just a Hungarian problem. We believe it is a hard-core issue for all central Europe, from the former Yugoslavia to the Baltic states."

Countries in the region need western European support to help build confidence and overcome the "tremendous suspicion" which exists between many of them, he says. One way to achieve this might be to link applicant states' minority and human rights record to EU membership.

Virginia Marsh

Bear, Stearne &

# But Free Democrats still remember

The dissidents have no monopoly on

opposition.

the Free Democrats has pushed for a lib-

tral bank governor, says that

unlike the productive sectors

of the economy, the social sec-

tor has undergone little

restructuring in the past four

health, culture, education.

social services - function as

they did 10 years ago ... The

previous government was

unwilling to tackle these prob-

lems because the economy was

contracting and society was in

trauma due to the changes

after 1990. Now, we should cor-

appears to be a broad consen-

sus on the need to restructure

the system which Mr Laszlo

Bekesi, finance minister,

describes as "premature" for a

country with Hungary's

resources. However, he admits

implementation of tough mea-

sures will be difficult for many

ministries. This view is shared

by western advisers who say

Within the government there

rect this," he says.

"Large areas - welfare.

'Resources must be released for growth'

Welfare cuts needed

there are already sharp divi-

sions within the government

as to how deep cuts in welfare

Mr Bekesi says social sector

reform will form a large part of

the government's three-year

modernisation plan due to be

presented in the spring. In the

meantime, the cabinet has

accepted a draft 1995 budget

which raises social expenditure

by just 10 per cent in nominal

terms. Given expected annual

inflation of more than 18 per

cent, this will lead to signifi-

cant cuts in real terms, if

The draft budget also begins

the first of several expected tax

reforms in the sector. From

1995, contributions to the

social security and unemploy-

ment funds will be only 25 per

cent deductible for personal

income tax purposes, down

from the present 100 per cent. Welfare ministry officials say

the efficiency of the system

should be.

implemented.

its relatively benign character. Political imperatives have dictated the rapprochement. The Socialists, despite

their 54 per cent parliamentary majority, are still former communists. They are distrusted and even hated. The Free Democrats bolster their legitimacy. As for the liberals, Hungarian politics appears increasingly bipolar. Apart from

going in with conservatives they detest or inhabiting and eventually dying in a no-man's-land between the political blocs. Mr Miklos Haraszti was one of Hungary's most hounded dissidents. He backs the coalition, but it is not easy. "I support it and I hate it. We know we have to do it

below the poverty line.

aly Kokeny, secretary of state.

For example, from 1996, the

state plans to combine child

and child care benefit and pay

families a flat rate. Under the

present scheme the benefit

varies according to a family's

income, paying a higher

amount to higher earners.

"This way we will create

savings for the system and

redirect resources to lower

can also be made more effi-

cient by increasing competi-

tion among them and by allow-

ing local authorities to

contract out some services to

the private sector. Competitive tendering has already been

introduced in some World

Other medium-term plans

include pension reform. One

way to reduce the burden on

the state would be to encour-

age private schemes and later

retirement in line with Euro-

pean norms. The present offi-

cial retirement age is just 55

Mr Kokeny says: "We would

like to restructure pensions so

for women and 60 for men.

Bank-funded projects.

He says welfare providers

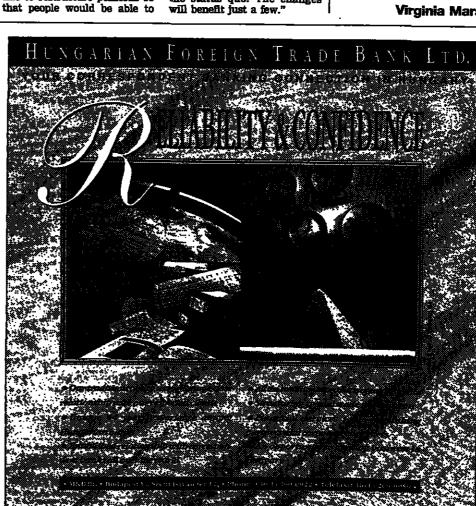
income groups."

also needs to be improved. A key problem is that too many benefits are paid to too many people while an increasing number of Hungarians slip "Support should be better targeted at those who need it than at present," says Mr Mih-

Laszlo Bekesi: system "premature" for the country's resources

retire early but there would be incentives to stay at work longer." He says an element of choice is essential if the population is to accept cuts and changes in welfare: "We cannot be rigid. We have to discuss our plans openly and warn people of them well in advance. If we take a top-down

approach, we could easily fail." Western advisers point to the considerable political risks involved for the Socialist government. One says: "In making the cuts, the government is in danger of losing the support of a large part of the middle class - those who are not poor but not rich, either. The problem is many people are happy with will benefit just a few."



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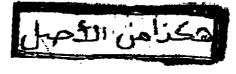
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### HUNGARY 111

Virginia Marsh looks at the privatisation programme

# A four-year revolution

Hungary's Socialist-led government has set itself the ambitious target of completing its privatisation programme by the end of its four-year term. To show it is in earnest, it has appointed a political heavyweight, Mr Ferenc Bartha, a former central bank governor and more recently head of Banque Indosuez Hungary, to the new job of government privatisation commissioner.

"We don't expect to privatise 100 per cent of the economy by 1998," concedes Mr Peter Mihalyi, Mr Bartha's deputy. "But we would like the economy to be largely in private hands. We have to reduce the state's involvement so that privatisation is no longer a top priority political issue."

To achieve this goal, a group of 30 economists from the state and private sectors spent several weeks this autumn drawing up a new privatisation strategy and draft bill. Mr Bartha is hopeful the bill will be passed by parliament before the year ends. The political will exists," he says.

. Ti Ti Brid Bitty

e a termination

or a state of a presentation

He says the state will reduce the number of companies in which it will retain a majority stake and privatise companies immediately rather than restructure them first. Cash would be generated from sales of the big blue chip companies such as utilities, while companies would be teamed up with strategic investors. Finding good partners and providing for companies' long-term survival will take priority over revenue generation for medi-

The state intends to sell small companies as quickly as possible, preferably for cash, or failing that by offering incentives to management and/or employee groups or other investors.

Mr Bartha wants to make greater use of the country's nascent capital markets. One idea is to launch a country fund grouping shares from 10 to 12 partially privatised comnanies such as Matay, the telecommunications monopoly, 30 per cent of which was sold to a Deutsche Telekom and Ameritech consortium in December.

Most foreign advisers believe good companies would gener ate more revenue if sold individually, but Mr Bartha says a country fund would attract interest from the many new emerging market investment Change over previous year

The appointment of Mr Bartha and the new strategy have been generally well-received by foreign investors. However, most are reserving judgment until they see action. "There's an element of strategy fatigue. We've heard much of this before," says one western investment banker.

1993 1994

Investors add that, in the short term, some of the government's proposals, such as the merger of the two main privatisation bodies - AV Rt, the state holding company, and the AVU, the state property agency - will inevitably slow down, not accelerate, the pro-

investors have also been unsettled by sweeping per-sonnel changes at AV Rt, including the dismissal of Mr Lajos Csepi, its respected general director, and the sacking of several top managers at large state companies due for privatisation such as MVM. the electricity monopoly. "However competent the new managers, such radical changes will inevitably slow privatisation of these

Change over previous year

1993 1991 . 1992 Current account

Trade balance S. billion

companies," one banker says. Observers fear the sackings and a much-publicised inquiry into alleged corruption in privatisation under the previous government mean the process will remain highly politicised. A western diplomat says: "The government is spending a

Nicholas Denton on the top investment bank

1989 90 91 92 93

past and attacking its predecessor's record. Instead, it should be concentrating on the

Despite their criticisms, most investors are hopeful the government will move ahead with the privatisation of its gas distribution and electricity monopolies, both of which are attracting significant foreign Gas will come first with the

government expected to announce a tender date this autumn for the sale of 25 per cent stakes in the five regional domestic gas distributors. Mr Laszlo Pal, Socialist industry and trade minister, says the government will follow this up in the first quarter of 1995 with the first tender for the privatisation of MVM, the electricity monopoly. The aim is to close a deal by the end of the year. The government, which is being advised on the sale by Schroders, the UK merchant bank, is expected to offer stakes first in MVM's power distribution subsidiaries.

Before this can happen, however, the government must complete the regulatory framework for the industry. This includes tightening the contractual relationship between different MVM subsidiaries and resolving the socially sensitive issue of price regulation.

Mr Pal says prices, which are controlled by the state, will become "market-based". But to achieve this, the government has to ensure that increases are acceptable to the public and do not "gallop away". Analysts estimate that electricity prices must rise by at least 70 per cent to make the company attractive to outside investors.

■bere can be few better measures of the change in eastern Europe than the evolving image of Gyula Horn. As foreign minister in the last Communist government five years ago, he was one of the liberators of the Communist bloc: the man who with a gesture of biblical curtain and let the east Germans go free.

Now, after four years in opposition, Mr Horn is back in government, this time as Hungary's Socialist prime minister. "There should be no reservations about the government or me personally," says Mr Horn. "We started the transition to democracy in the second half of the 1980s of our own free will, without any pressure. We began creating a multi-party system and the market economy. Now we want to carry this through to the very end."

But eastern Europe has moved on even faster than Mr Horn. A progressive in the 1980s, the 62-year-old Mr Horn still reminds many of the past. "He doesn't fit into the new European political landscape, says Mr Janos Martonyi, former state secretary at the foreign ministry.

Anti-communists damn the prime minister for his participation in the "padded jacket" worker's militia that put down Hungary's 1956 uprising against Soviet rule. Even the 1994 version of Mr Horn provokes a shudder or two, at least among Hungary's influential intelligentsia. It may be unfair to judge by demeanour. But according to one prominent banker: Wherever Horn appears. everyone thinks of a former

Hunched in his chair. chain-smoking, rarely meeting the eye. a short man in a prime ministerial office the size of a basketball court, Mr Horn fits the stereotype of the Communist apparatchik.

communist. No matter what he

When Mr Horn departs from his script, he has a good line in deadpan humour illustrated by a wry grin. But he can as easily lose his patience with questioning and abruptly terminate an interview.

Content is as much at issue as style. Mr Horn, born of a working-class Communist family, is still proud to call himself a leftwinger. But nowadays, he looks not to Marx as the fount of his socialism but to Pope John

Prime minister interviewed

# Horn and the luck of the Hungarians

Paul II. "The head of the Catholic church and the Vatican say capital is blind and deaf to social differences that is why policymakers have

to interfere The Socialist leader's left-leaning beliefs reflect the opinions of his constituency. Hungary had a communist government for four decades

among east European pol-iticians. "These are my waters," he says. "I can really feel good among people. popular touch makes Mr Horn in a sense a better democrat than his conservative predecessors who supported the idea that the people should rule in theory but were always disappointed in the character

Though Gyula Horn is a talented operator, to many he now seems out-of-date, write Nicholas Denton and Virginia Marsh

and egalitarian ideals remain strong. Many voters opted for the Socialists because they promised security and support for the losers in the transition.

These, not Budapest's chattering intellectuals nor judgemental westerners, are the people Mr Horn cares about. "My model is Janos Kovacs, the ordinary simple person on the street who can tolerate the zigzags that politicians make and tell what is genuine and what false."

Aides say he really means that. Uncomfortable in parliament and before western investors, Mr Horn nevertheless shows a real rapport with crowds that is rare of the Hungarian masses. Mr Horn is a talented operator behind closed doors as well as on the public stage. He doggedly held his party together when it seemed doomed to extinction. Now he plays the arbiter between technocrats, trade unionists and the myriad groups within the broad and heterogeneous governing party.

As foreign minister, Mr Horn visited the US. A former aide tells how a US state department official offered an insulting 15-minute audience. Mr Horn accepted, said his piece, smiled, got up and politely left the open-mouthed

The genius of Mr Horn's tactics can be overdone. The prime minister has a tendency to make up policy on the hoof "I think Horn is a disaster, says Mr Tamas Bacskai, chairman of Unicbank. "Improvisation is wonderful if it is done by Moliere, but he is not a good improviser."

Nevertheless most people Whatever their criticisms. sbare the view of Mr Janos Bartha, managing director of CS First Boston in Budapest. "I think that Horn is an absolutely professional

politician," he says.

The question is whether the Socialist premier can be not just a consummate politician but a leader too; one who can understand Hungary's economic plight and convince the people to accept unpopular

Mr Laszlo Urban, economics spokesman of the opposition Young Democrats, has his doubts: "He lets conflicts emerge, evaluates whose position is what and then tries to please everybody," Even the government spokesperson concedes that Mr Horn likes to be liked.

That makes the prime minister somewhat unpredictable, a bit of a weather vane, but not necessarily a man without principle.

Mr Horn's socialism is of the born-and-bred variety. But he has another vision which sits uneasily with his ideological conviction. "Perhaps it might sound like a kind of slogan," he says, "but I want a Hungary which does not differ from the developed countries."

But that line has become a cliche in eastern Europe and does not impress many Hungarian opinion leaders. "I don't think he has a vision beyond Saturday, no, make that Friday," says Mr Laszlo Csaba of the Kopint-Datorg economic research institute. Visionary leadership,

however, may count for more

in the confused countries of the former Communist bloc than in the settled west. Mr Vaclav Klaus appears to have made a real difference for the better in the Czech Republic. In Mr Bacskai's view, Hungary also had an "outstanding statesman" in Janos Kadar, general secretary of the Communist party between 1956 and 1988. "In 50 years a country is lucky to have one such man," the banker says. Hungary, be suggests, has run out of its

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Colossus from Boston CS First Boston, still that CSFB is the pre-eminent

recovering from wrenching investment bank in Budapest. internal reorganisation, may Yet Mr Janos Bartha, managstand in the shadow of Golding director of CSFB Budapest, man Sachs and Morgan Stansays: "It's not a one-man show, ley in New York and London. far from that." Creditanstalt Securities, a subsidiary of the But in Budapest and other east European financial centres, Austrian bank, competes on smaller deals. CSFB backed the CSFB is a colossus. No other international wrong horse in the bidding for investment bank has been so Matav, the telecoms company, active. Even rivals concede so Goldman Sachs won the success fee in Hungary's biggest

Merrill Lynch, which handled tobacco industry privatisation, and NM Rothschild, which has advised on telecoms and gas privatisation, also won

lucrative mandates without setting up costly local offices.

So although investment banking in Budapest may

not be a one-man show, one player - CSFB - has got most

of the parts. CSFB helped the Hungarian authorities privatise national airline Malev, refrigerator maker Lehel, the commercial banks and now Hungarhotels, the hotel chain. Until 1992 the firm estimated

that it had advised on a third to a half of M&A activity. Now CSFB does not bother counting, "Here we just don't have the top-notch investment bank competitors with us in domes-

tic markets," says Mr Bartha, Aside from advisory work. CSFB has introduced corporate bonds and commercial paper issues to the Budapest market. helping borrowers bypass the large margins charged by Hungary's commercial banks. The fees have been modest but the service has given CSFB access to such companies as McDonald's Corporation with which it never had a relationship.

and fixed issues have helped meet running costs. But the real rewards have come on the equity transactions that have proliferated in the last 12 months CSFR

has acted as Investment banking the prime conin Budapest may duit for the not be a one-man show, institutional but CSFB has got money into eastern Europe. most of the parts In Hungary's

case, CSFB has managed the international equity issues of Egis, Pannonplast and Fotex. and sold over \$200m worth of shares. CSFB, alone of the international investment banks, possesses a broker's licence in Budapest. The firm has bought up shares on the secondary market, helped western funds secure shareholdings in companies such as telecommunications utility Matav and profited handsomely.

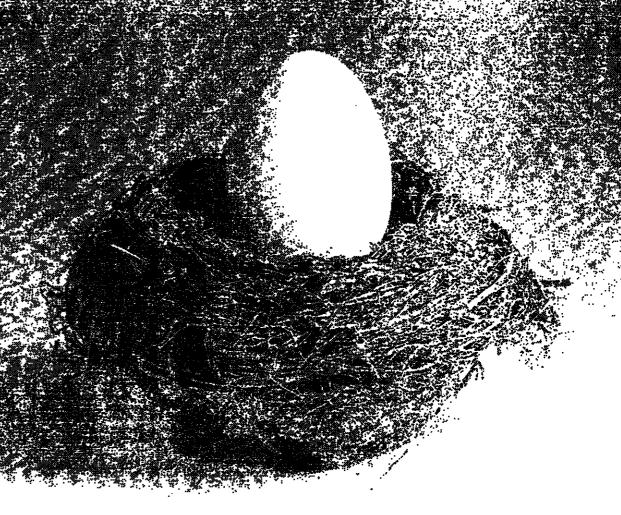
Not all the deals have been well-judged, say rivals. "I have a lot of investors complaining about CSFB, both in terms of the assets they have been sold and the fees they have been charged," says one Budapest investment banker. Fotex shares have slumped below their issue price despite CSFB's stamp of approval. "If I had bought Fotex I would be screaming," the critic says.

While New York and London may have suffered from the downturn in world bond mar-kets, Budapest is set for a record year. It is believed that CSFB's Budapest office passed its targets for the year several months ago.
"Eastern Europe is going to

be paying the salaries of investment bankers in New York this year," says a CSFB executive. Those who had distanced themselves from CSFB's east European adventure now fight for their share of the credit for revenues from Budapest, Prague and Moscow.

J.P. Morgan and Salomon Brothers are looking to set up Budapest offices. Mr Hans-Jorg Rudloff, CSFB's former European head, who is now independent, may build up his own investment banking business. Mr Bartha accepts that CSFB will give up market share, if not market leadership.

Nevertheless, in its 15 professionals in the Budapest office, CSFB has a lock on much of Hungary's investment banking expertise. Salomon Brothers has been looking for months for someone to head its operation - without success. "The barriers to entry are high, says Mr Peter Kadas of CSFB.



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\$43,785,518 June 1994

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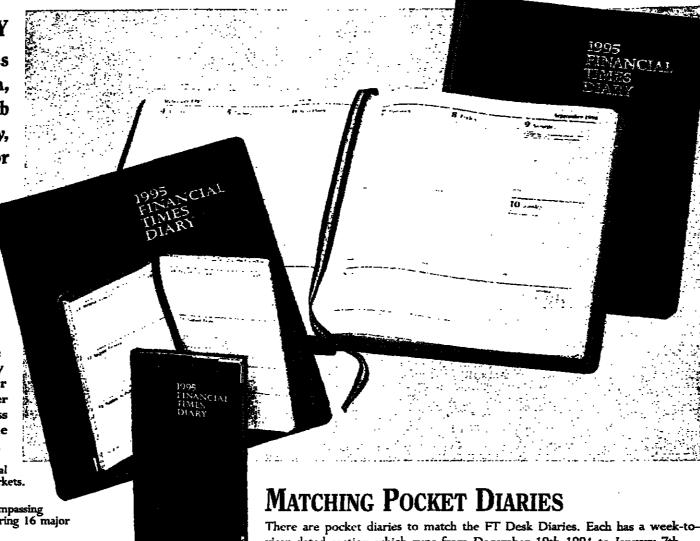
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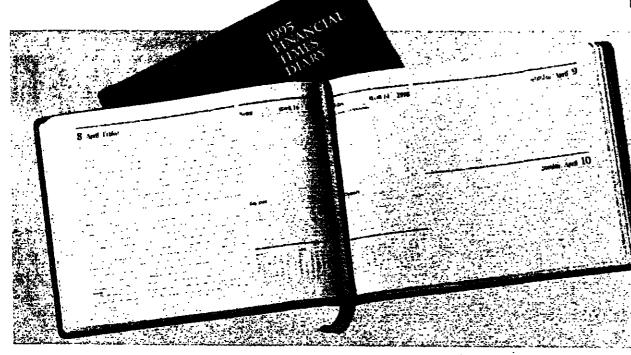
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# فكرامن الأحما

### LONDON STOCK EXCHANGE

# Footsie stages strong rally to regain 3,100 level

By Steve Thompson

UF 4180

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1 : B.C.

GANT 1950's

POINT PEN

An uninspiring and dispirited performance by London's equity market throughout a sluggish and tired morning session was trans-formed by the latest data from the US, which indicated a marked slowing down of inflationary pressures affecting producer prices in the US.

Down almost 18 points within an hour of the opening, the FT-SE 100 commenced a powerful and sustained rally shortly after the US news was announced, easily regaining the 3,100 level and closing a net 6.3 higher at 3,105.9

The news that producer prices had fallen by 0.5 per cent, against expectations of a 0.2 per cent increase, took the markets completely by surprise and prompted strong gains across international bond and equity markets. Wall Street, which gave an alarm-

ingly erratic performance on Wednesday evening, initially moving up 38 points on the Dow Jones Average and then sliding to a 20point net loss before rallying to close a shade higher, was almost 20 points up shortly after it opened yesterday. The Dow was 11 points ahead well after London closed.

The first back-to-back fall in producer prices for more than three years was seen by markets as a potent signal that the US economy is slowing and was thought to sen the chances that US interest rates will rise more than 50 basis points next week.

On Tuesday the Federal Open Market Committee meets to formulate US interest rate policy and has long been expected to promote

another rise in US interest rates. small reduction had been possible. Prior to yesterday's producer price data, economists and strategists expected the Federal Reserve to lift US rates, currently at 4.75 per cent, by at least 50 basis points and possibly by a full percentage point.

Earlier, London opened on a quiet note and almost totally lacking in enthusiasm after Wall Street's surprising lack of follow-through on Wednesday. There was no support for equities from the gilts market, which edged down and showed little signs of rallying.

There was no comfort for the markets from Germany, where the Bundesbank council met for its regular fortnightly meeting and signalled no change in German inter-est rates. Although most analysts had forecast no change, there were suggestions in the market that a

London's second line stocks gave a resilient performance throughout the day, with the FT-SE Mid 250

worst and eventually 9.5 higher at

Turnover in equities was 573m shares, with non-FT-SE 100 stocks accounting for around 57 per cent of the total. There was comfort for the City's harassed dealing teams with news that the value of customer business in the market on Wednesday was £1.6bn, the highest for a week.

It was another heavy day of company trading statements, with the UK's two biggest companies, BT and Shell Transport, reporting. BT's results were above the consensus of forecasts but there was a measure of disappointment with the dividend

from £16.3m, and maintained

Brokers upgraded current

year profits forecasts, and joint

broker RZW was said to have

weighed in with a sharp

increase of £15m to £70m. How-

ever, BZW was unavailable for

a lot of comfort in these fig-

ures. For one thing there are

no nasty surprises. It seems as

if things are beginning to get

back on track. We must now

wait to see how the trends that

have emerged this year

develop." The favourable senti-

TRADING VOLUME

Vol. Closing Day's 000s price change

■ Major Stocks Yesterday

A rival broker said: "There is

the final dividend at 2p.

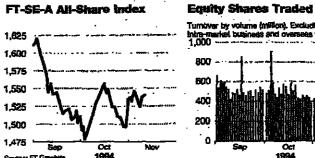
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increase, 6 per cent, against some over-optimisite forecasts of 8 per cent. Shell's figures were in line with estimates but the shares Index only marginally lower at slipped back in line with other oil stocks.

> A big two-way pull developed in Royal Insurance, with profit-takers moving in and outgunning bulls of

> The market's two newcomers, TLG, formerly the lighting division of Thorn EMI, and Tele-Cine, made reasonably successful debuts, both moving to modest premiums over the issue prices.

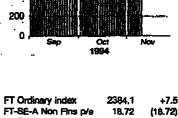
Banks continued to outperform the market, especially Barclays and National Westminster. Northumbrian Water was the star performer in the utilities sectors after delivering a bumper 16 per cent increase in







Best performing sectors 1 Textiles & Apparei 2 Retailers, General +0.9 3 Banks . +0.9 Retailers, Food



FT-SE100 Fut Dec 3107.0 10 yr Gilt yield

Worst performing sectors Insurance Oil, Integrated .-0.7

# Two-way pull in

The stock market took a churlish view of third-quarter profits from Royal Insurance and the shares dropped almost

was announced. Subsequent reappraisal of underlying nuances in the results prompted furious two-way trading which saw turnover of 15m shares. The volume was the highest since

February 1992 but then Royal had announced that its losses had plunged to £373m and shareholders would receive no dividend.

The picture yesterday was altogether brighter. Ninemonth profits came in at £311m, against £113m a year ago, and although they were at the lower end of forecasts some analysts had been over enthusiastic following bumper second-quarter figures. The main hit of £19m came from the rebalancing of Royals' investment portfolio - the group has spent the last year shifting £400m from bonds to equities. But Mr Charles Landa of

was "sacrificing investment income today for capital

growth tomorrow". Analysts also said the presentation was impressively upbeat. The shares, which have performed very strongly over the past few weeks, rallied from their low but closed 5

### Burton jumps ·

High street retailer Burton Group was one of the day's most active stocks as the market celebrated a robust set of annual figures from the company.

Turnover at the close stood

the stock, arguing that Royals at a hefty 19.2m and the shares ment in Burton also boosted climbed 71/2 to 71p. Burton Next, which added 5 at 247p. reported profits of £41.1m, up

### Telecoms buzz

Telecoms shares had another hyperactive day, with Cable and Wireless losing further ground and BT dragged lower as slight disappointment with the interim dividend triggered profit-taking. The two stocks' combined trading volume was almost 20m shares.

BT finished 41/4 easier at 3884p, with most analysts pinpointing the interim payout up 6 per cent, after a 6.3 per cent increase for last year's final dividend - as the reason for the sell-off in the face of generally strong trading trends. According to Hoare Govett, second-quarter underlying profits rose 5 per cent after 3.7 per cent in the first

three months. C&W fell 7 to 385p as analysts got to grips with the management shake-up and fierce margins squeeze under way at the group's Mercury arm.

Mobile phones group Voda fone managed to ride above the bearish mood, gaining 11/4 at 2124p following news of the 40 per cent sales advance at BT's Cellnet unit

Shell Transport dropped 8 to 719p after revealing a slight fall in third-quarter current cost net income, the figure that ignores the effect of shifts in the underlying oil price. The profit of £853m was down from £861m last time but well within a broad range of forecasts. SGST, a keen supporter of the stock, argued: "The two prob-

Jam Aper Jul Jan Aper Jul Option

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Nov Feb May Nov Feb May

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### **NEW HIGHS AND** LOWS FOR 1994

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MEW LOWS (77).

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lem areas (Shell Oil and Chemicals) ... are improving their performance at a faster rate than can be expected, and an earnings upturn in 1995 should

underpin share price outperformance ' Dollar influenced pharmaceuticals stocks moved into positive territory with the opening of Wall Street. US buying was still in evidence, with the heavy dealing of the past

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### couple of days revealed to have been carried out through the Instinet system, Reuters' US-

5 Leisure & Hotels

based equity brokerage service. Glaxo added 5 at 6220 and Wellcome rose 9 to 673p. Meanwhile. Fisons improved

4 to 125p with 4.8m shares traded as bid speculation continued. Among the companies cited as possible bidders are Zeneca, off a penny at 870p, Amersham International still reeling from disappointing figures on Wednesday and down 19 at 909p, and Medeva, a penny up at 173p.

Shares in Northumbrian Water jumped 16 to 712p after the company posted favourable interim figures which included a surprise 16 per cent dividend increase, well above the 5 per cent guideline adopted by water companies in recent years. Profits more than dou-bled to £46.1m. However, one analyst said: "Shareholders will welcome the increase in the dividend, although it will raise the political pressure." Among food retailers, Ice-

land hardened a penny to 161p following a recommendation from Panmure Gordon, and Morrison Supermarkets moved 51/4 ahead to 140p after Hoare Govett changed its recommendation on the stock from "underperform " to "buy".

Anglo-Dutch group Unilever continued to be a nervous trade ahead of today's thirdquarter figures and the shares lost another 5 at 1129p. Textiles group Coats Viyella

rose 81/2 to 2021/sp after the com-

pany said it was looking to sell its yarns and fabric arm and

its carpet divisions, and had received a number of approaches.

Drinks group Taunton Cider was particularly busy. Volume jumped to 7.7m, as the equivalent of around 3.4 per cent of the company's shares changed hands, with one dealer pointing to a tax related trade. The shares closed a penny lower at

151p. Reed International henefited from a presentation to analysts on its professional publishing, particularly its electronic information side. Several analysts, including the team from Hoare Govett, came away feeling reassured and the shares closed 4 higher at 765p.

First day trading in TLG, the former Thorn Lighting, ended in a comfortable premium with the shares standing at 124p. against a flotation price of 115p. Computer software group Tadpole Technology dipped to 432p.

Eurotunnel remained a lively market ahead of Monday's start to direct train running between London and the Continent, rising 12 to 251p for a four-day advance of 9 per cent. The driving force remained the Paris market, where 2.1m shares changed hands yesterday - against under 0.6m in London - to become the most actively traded French stock.

**MARKET REPORTERS:** Peter John, Joel Kibazo.

Jeffrey Brown.

■ Other statistics, Page 21

# Royals

20p after the headline figure

Stock index futures had a

slower day, but levels of

business for most of the

volume remained encouraging

and there was steady two-way

SGST, remained positive on EQUITY FUTURES AND OPTIONS TRADING

> session, writes Jeffrey Brown. At the close of pit trading, the FT-SE 100 December contract was 3,107, down 8 points and standing at a

# FT-SE 100 INDEX FUTURES (LIFFE) \$25 per full index point High Open Sett price Change LOW Est, vol Open int. 3093.0 3107.0 -9.0 3120.0 3082.0 13599 55276 3113.0 3124.0 III FT-SE MID 250 INDEX PUTURES (LIFFE) \$10 per full index point 3540.0 3550.0 -10.0 3546.0 3540.0

III FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point 3550.0 at figures are for previous day. † Exact volume shown

III FT-SE 100 INDEX OPTION (LIFFE) ("3703) £10 per full index point 

EURO STYLE FT-SE 100 BIDEX OPTION (LIFFE) £10 per full index point

FT - SE Actuaries Share Indices

 
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E EURO STYLE FT-SE MED 250 INDEX OPTION (OMLX) 210 per full index point 3450 3500 3550 3600 185<sup>1</sup>8 5<sup>5</sup>8 66 15<sup>5</sup>8 38<sup>1</sup>8 34<sup>7</sup>8

premium to the cash market of 4 points. Fair value was around 6.5.

> Turnover came to 11,592 lots traded, down from 15,363 on Wednesday. There was no great weight of selling, and for much of the moming the premium to the cash market hovered around 20 points.

Traders were encouraged by what they saw as broad resilience after the previous day's fireworks which ended with a 44-point gain on the back of a strong early Wall Street.

Yesterday afternoon's proceedings were mostly left traders, with the bigger trading houses retiring to the sidelines once Wall Street showed signs of becoming more volatile.

In late, screen based trading, the December contract dipped below 3,100, with contracts numbers rising to more than 13.500. Traded options volume was

24,636 lots, down from 35,998 Euro FT-SE trading acounted for just under 13,000 contracts. Ladbroke, at 2,000 lots, was the most active individual stock option.

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Assoc. Brit. Foods†		550	
Assoc. Brit. Forts	3,100 1,400 3,200 3,800	274	
RAT Insta 7	3,900	502 448 109 <sup>1</sup> 2	
BET	3,800	10912	
BICC		350 711	
BOCT BP1	977	711 422 <sup>1</sup> 2	-1
BPB inds.	6,500 1,000 10,000 8,200 1,000 6,700 1,400	7034	
BT†	10,000	29al.	-4
STR+	8,200	307	+1
Bank of Scotlandt	1,000 8,700	307 209 607	
Barciayet Baset	1.400	550	
Blue CrossT	2,100	298 412	
Booker Books†	. 273	412	
Bowster†	380	521 444	
Brit. Aerospaceri	6,700 1,400 2,100 273 1,300 360 734 6,300 3,100	457	
Brown Airways†	6,300	371	
British Gast	3,100	2661 <sub>2</sub> 383	_
British Land British Steel	1,100 13,000 532	15712	+1
Bustal Bustash Casard†	532	164	
Burnan Castral		867	+7
Cabia & Winst	9,600	71 386	**
Cadbusy Schweppest	21,000 9,600 1,000	386	-
Burron Cathie & Wire† Cathury Schweppest Caraden†	297 540	777	•80 • 40 • 40 • 40 • 40 • 40 • 40 • 40 • 4
Cerem Comms.† Coass Viyella		858 2021	
Corem Uncont	1,200 313 1,500 737 508	545	
	313	545 251 450 421	4
Courtaulds† Daigety De La Rus†	1,500	450	•
De La Rust	508	1000	
Lictors	1,300	104	
Esstern Bec. 7	1,300 595 311 342	804 695 471	+
East Midland Bect.	313	471	
Becarocompa Eng Chara Clays Engenate 041	115.	355	-
Enterprise Oil†	1.200	380	
	575	251	•
FIX Flacins	4 800	162 125	
Foreign & Col. LT.	402 4,800 971	134	+1
Foreign & Col. LT. Foreit	1,900 1,200 3,800	231 575	+
Gen, Academit General Becz,† Glavot	1,200	575 3071-	
Gibrot	10,000	2871 <sub>2</sub> 622	•
	10,000	348 517	
Granadat Grand Met.† Gust Greet	233	517	•
Curet	2,200 360	413 560	
GRET	2,600	190	- 1
	758	615	+
Gunness† HSBC (75p ensi†	839	468	
Harmanesson History (Lab aust)	796 839 2,100 29 5,300 1,300 398 1,600 478	729 343	,
Hersont	5,300	232	
Harrisona Crosfield	1,300	168	+
Higgs Hillisdown	1600	294	1
D.O.	478	175 320	
ICH	4.100	762	•5
frehesper Johnson Marthey	1,700 22	436 571	
Knofehert	812	474	
Krigishert Kwik Seve Ladbroket Lano Secumest	812 54	553	
Ladbroket	3,800	154	•
Land Securities?	955	620	

### **LONDON EQUITIES**

10	NS. :								RISES AND FALLS YESTERDAY	Rises	Falls	Sem
									British Funds	50	7	14
									Other Fixed Interest	30	ń	14
<u>. W.</u>	Option		-	160	-67	NUV	160	May	Mneral Extraction	41	74	81
8%	Hanson	220	13	17	20	h	516	91/2	General Manufacturers	120	104	411
41	(*232 )	240	14	7	101/2	9	15%	20	Consumer Goods	37	41	109
V	Lasmo	134	12	_	_	74	_	-	Services	98	64	333
215	(*145.)	154	14	_	_	86	_	-	Utities	14	23	7
5	Lucas Inda	180	18	24	2811	·   –	316	7	Frencials	94	76	194
ᅂ	(*197.)	200	34	12	17	SY	11%	1512	Investment Trusts	59	90	316
	P & D	600		5814	67%		10%	25%	Others	41	43	31
26	r640 1	650	_	28%		16%		491	Totals	554	522	1510
2½ 32	Pakengton	180			1814	_	51		Date based on those companies listed on the London Share Ser			
56	(*188.)	300	-	5		12%	17	191:				

n Dealings	November 7		February 9
It Dealings	November 18		February 23
		Crossroads Off, Er ggins. Puis & Calls: G	snex inti, Ovoca Res, laxo, London Elect.

# LONDON RECENT ISSUES: EQUITIES

P.	ΠÞ	(Dm)	High	LOW	Stock	P	+/-	_giv.	CON.	ye	ne
	F.P.	0.82	612	4	APTA Wrnts.	6		-	_	-	
_	F.P.	17.6	88	70	Abtrust Later Am	88		-	_	-	
-	F.P.	2.20	ෙ	55	Do Warrants	55		_	_	-	
-	F.P.	112	187	180	-§Adare Pmtg	166		026%	8.1	1.4	10.
-	F.P.	10.2	76		Artesian Esta.	76	+1	-	-	-	
100	F.P.	178.0	93	85 <sup>1</sup> 2	BZW Commodities	89		-	-	-	
_	F.P.	16.4	47	39	Do. Wrts	41		-	-	-	
-	F.P.	464	92	65	&Caltura	86	-1	-	-	-	
200	F.P.	30.3	287	280	Čhurch® China	285		F0N9.96	22	4.3	13.
63	F.P.	12.1	68	65	Ennemo.	66	-1	FIN0.71	5.3	1.4	8.
-	F.P.	63.0	155	108	Filtronic C'tek	150		FN0,75	2.6	0.6	50.
115	F.P.	35.7	126	115	Games Workshop	115	-2	RN4.6	2.2	5.0	10.
-	F.P.	1.91	35	23	Group Dv Cap Wts	23		-	-	-	
-	F.P.	28.0			Hambros Sm Asian	56	-1	-	-	-	
-	F.P.	2.70			Do Warrants	27		-	-	-	
	F.P.	29.A	98		INVESCO Korea C	98	+4	-	-	-	
180	FP.	166.7			Insh Permanent	219	+1	uN9.U	29	5.5	7.
-	F.P.	507	493	475	Profific Inc A/L	489	+1	-	-	-	
	F.P.	58.3	149	135	Servisair	145		RN3.8	1.3	3.3	23.
	F.P.	220.B			TGL	124		WN 13-5	2.0	3.5	17.
170	F.P.	20.0	173	168	Tale-Cine Cell	170		RN5.44	2.2	4.0	11.
-	F.P.	8.01	62	57	Whitchurch	60	-2	RN1.25	3.0	2.5	12.

Santsbury (*418 ) Shell Trans. (*712 ) Storehouse (*215 ) Tradalgar (*82 ) Unillever (*1129) Zeneca	420 19 700 750 8 200 220 80 90 1 1100 5 1150 850 4	31 19 7 6 % 14 25 W	19 23 12 9 5 72 45% 63	35 49 % 25 26 ½ 18 11 7 84 % 73 %	18% 13 41% 44 12% 4 10% 18% 43% 18%	25% 26% 56 6 15 6 12 35% 61 37	32 60 7% 17 17 13 46% 72 44	Blue Circle (*296 ) British Gas (*297 ) Disons (*194 ) Hillsdown (*175 ) Londo (*149 ) Nad Power	300 280 300 180 200 160 180 140 160 480	10 21 8% 18% 7% 17% 4% 4% 4%	23 12 <sup>1</sup> 2 21 9 16 <sup>1</sup> 2 7	24% 34 23 28% 18 24 13 22 13 63	3 11 89 3 134	7 14% 8½ 17% 3½ 7 18 12 12	7% 17% 9 20 18%	180 135 115 170	F.P. F.P. F.P.	166.7 50.7 58.3 220.8 20.0 8.01	223 493 149 125 173	205 475 136 117 168 57	Investor in Insh Permai Profile Inc in Servisali TGL Tele-Cine C Whitchurch	vent VL	219 489 145 124 170 60	-2	RN3.8 WN3.5 RN5.44	1.3 2.0 2.2	3.5 4.0	7.5 29.5 17.8 11.5 12.5
(*870 ) Option Grand Met (*412 )	390 <b>2</b> /		733 %	Nay 48	44% Nov 1	Feb 11%	May 15h	(*496 ) Scot Power (*355 ) Sears	330 360 100	14 32 13 8%		40 47% 32 14	19 4 154 1	12	36% 16% 30% 5	lssue price p	Amo pai up	unt L kri R	atest entan. dale	Higi	1994 h <u>Low</u>	Stock				Closir price p		OF-
Lantonoke (*154.) UNS Biscuats (*313.) Option	160 300 14 330	1	25 11	16		11 7% 23	16 33%	(*107 ) Forte (*231 ) Termac (*126 )	240 120 130	15% 5 11 5%	222 11 15% 11%	19 14	74:	7 16½ 6½ 11	12% 22% 9 14	20 310 27 500 26	NE NE NE	1 2 1 1 1 3	9/12 80/12 98/11 12/12 22/11	4 <sup>1</sup> 2p 41p 3 <sup>1</sup> 2p 50p 14pr	m 25pm m 2 <sup>1</sup> 2pm m 16pm n 14pm	Bullers Kerwoo Martin II Matthew Novo	nad v Chark			1pm 26pm 3pm 16pm 1 <sub>4</sub> pm	П   	-e -e
Pisons (*125.)	130 g	11 5½	16 111:	20 15%	5 10		101 <sub>7</sub> 151 <sub>2</sub>	Thorn EM6 (*1010) TSB	1000 1050 220	11	51% 29% 18%	48	45%		43 <del>%</del> 70'4 14	5	N	'	15/11	2120	m ¹2pm	∯Union	Scheels			1200	, -	-4

### FINANCIAL TIMES EQUITY INDICES

	Nov 10	Nov 9	Nov 8	Nov 7	Nov 4	Yr ago	"High	
Ordinary Share	2384.1	2376.6	2348.5	2346.2	2371.7	2340.6	2713.6	2240.6
Ord, div. yield	4.34	4.35	4.40	4.40	4.35	3.95	4.51	3.43
Earn, vict. % full	6.29	5.31	6.39	6.32	6.26	4.62	6.51	3.82
P/E ratio nel	18.38	18.31	18.10	18.23	18,42‡	27.14	33.43	16.94
P/E ratio na	17.93	17.86	17.66	17.78	17.96	25,16	30,80	17.09
"For 1994, Ordensey	Share and	ex since o	outspring.	high 2713	3.6 2 <b>/02/9</b>	4; low 48.4	29/5/40	
FT Conference Strange	evries hote	AUG 1.77	D. 11.000	CCCO VAILE	•			

### Open 9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.00 High

Open and	10.00	1120	بمنعا	مسور	1-1-00	- 10,00		1991	
2372.8 2871.6	2367.6	2369.5	2373.1	2372.0	2374.1	2380.0	2386.2	2386.2	2365.0
·		Nov 10	No.	<b>₹</b> 9	Nov 8	Nov	7 N	lov 4	Yr ago
SEAQ bargains		24,490	3 28	.796	22,075	21,7	185 Z	23,645	29,165
Equity turnover (	2m)†		- 15	76.7	1072.1	106	3.7 1	1083.9	1647.4
Equity bargainst			- 29	,198	24,813	24,3	22 2	77,889	32,928
Shares traded (m	ii)†		- 6	H <b>3.</b> 1	657.5	398	18	<b>46</b> 5.0	619.5
Excluding intra-ma	rivet bus	iness and	OV91502	s tumove	r.				

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40.1 3099.6 3063.8 3065.8 3099.7 +0.3 3533.3 3519.7 3520.1 3434.6 +0.3 3533.5 3521.7 3522.3 3432.6 7.05 16.76 111.96 1178.00 5.79 20.83 113.31 1324.52 6.26 19.40 117.70 1322.66 FT-SE 100 FT-SE Mid 250 FT-SE Mid 250 ex kny Trusts FT-SE-A 350 6.76 17.54 54.71 1208.11 5.00 25.23 50.62 1387.73 5.56 22.99 52.65 1367.86 6.63 17.93 53.48 1216.89 +0.2 1558.6 1538.4 1539.2 1543.9 3.98 3.32 3.52 3.94 ..... 1781.83 1778.24 1778.71 1771.46 +0.1 1750.05 1748.25 1748.68 1754.12 +0.1 1538.63 1524.42 1525.19 1529.21 FT-SE SmellCap FT-SE SmellCap ex Inv Trusts 1750.96 FT-SE-A ALL-SHARE 1549.93 ■ FT-SE Actuaries All-Share Day's Year Div. Earn P/E Xd adj. Total Nov 10 chge% Nov 9 Nov 8 Nov 7 ago yield% yield% ratio ytd Refurn -0.5 2715.96 2890.69 2685.85 2447.20 3.48 5.06 24.98 89.83 1090.84 +0.2 3784.63 3802.21 3781.54 3003.70 3.37 5.40 22.92 98.62 1049.53 -0.7 2695.54 2682.68 2656.76 2490.40 3.64 5.61 22.19 96.44 1105.42 10 MINERAL EXTRACTION(18) 2701.97 12 Extractive inclustries(4) 15 Oil, integrated(3) 16 Oil Exploration & Prod(11) ± 38.03 1082.83 <u>-0.3 1876.87 1872.34 1876.86 1882.20 2.22</u> 20 GEN MANUFACTURERS(257) 1057.59 4.05 4.51 27.74 79.58 1013 re 5.11 5.13 23.43 82.75 923.04 3.97 8.60 18.07 61.88 932.07 3.16 4.99 23.76 53.69 1038.58 4.36 1.52 80.007 92.54 1721.29 3.07 5.39 21.72 75.71 1105.74 4.28 8.87 17.84 61.29 898.74 25 Electronic & Elect Equip(34) 28 Engineering(71) 27 Engineering, Vehicles(12) 28 Printing, Paper & Pokg(25) 29 Textiles & Apparel(20) 1808.99 +1.5 1561.87 1543.36 1550.30 1906.90 1574<u>.84</u> 40.1 2771.75 2724.88 2723.26 2740.40 4.33 7.24 15.93 109.09 959.86 ... 2239.37 2232.42 2244.63 1988.50 4.23 7.69 15.78 61.43 1002.88 -0.4 2860.36 2819.70 2805.52 2598.90 3.92 6.78 16.96 101.23 959.01 -0.1 2296.56 2280.47 2294.64 2270.00 4.25 7.84 15.12 88.47 970 49 -0.5 2389.88 2384.46 2398.83 2639.20 3.88 7.71 15.52 89.98 852.75 -0.3 1588.74 1659.62 1665.26 1663.10 3.19 3.40 41.37 48.24 922.60 +0.6 3085.99 3000.57 2394.50 3094.10 4.35 6.94 16.66 126.27 933.23 +0.6 3733.14 3624.09 3519.69 4233.70 5.78 9.16 11.73 217.07 856.34 30 CONSUMER GOODS(97) Breweries(17) Spirits, Wines & Ciders(10) 2849.20 Household Goods(13)
Health Care(21)
Pharmacauticals(12) 33 Food Manufac 3754,12 38 Tobacco(1) 3.26 3.74 3.35 2.43 3.71 3.30 2.78 3.78 +0.5 1906.53 1883.07 1895.32 1853.20 -0.7 2546.03 2536.02 2531.68 2661.10 6.56 18.44 52.30 942.96 7.25 16.30 85.25 880.88 1915.98 40 SERVICEB(219) 3.74 7.25 16.30 85.25 890.85 3.35 4.89 24.37 57.69 1021.34 2.43 5.25 22.19 70.05 993.04 3.71 9.10 13.58 52.27 1054.30 3.30 7.05 17.69 45.20 868.04 2.78 6.37 18.54 35.92 931.64 3.78 6.24 18.89 61.02 899.35 4.07 3.14 48.14 28.63 1070.82 Leisure & Hotels(25) Media(39) Retailers, Food(15) +0.1 1526.09 1514.84 1511.82 1805.70 +0.5 2252.76 2238.39 2222.99 2273.90 -0.1 1245.19 1250.21 1263.32 1205.60 49 Transport(16) 51 Other Services & Business(7) 1243.65 60 UTILITIES(36) 62 Electricity(17) 68 Water(13) 1847.88 +0.1 1650.83 1644.61 1845.18 1634.65 3.92 6.42 18.72 58.70 1179.51 69 NON-FINANCIAL S(697) 1662.63 +0.1 1660.65 1544.01 1643.16 1634.00 3.52 6.42 18.72 50.70 1179.51 +0.4 2192.42 2177.63 2180.96 2296.80 4.39 8.84 18.11 89.85 876.41 +0.9 2887.45 28882.9 2873.04 2882.90 4.13 9.71 11.78 116.39 879.08 -0.8 1255.23 1252.95 1256.85 1446.50 5.45 9.46 12.08 61.61 860.05 -0.2 2380.33 2378.07 2380.47 2812.70 5.38 7.85 15.54 127.82 919.76 40.5 2727.12 2715.04 2700.48 3086.90 3.79 10.48 11.08 87.78 827.47 -0.1 1861.01 1841.21 1825.29 1722.00 3.74 8.49 14.08 64.85 997.53 +0.2 1439.59 1439.91 1448.07 1861.00 4.22 4.48 28.06 44.76 827.27 2201.88 70 FINANCIALS(104) 71 Banks(10) 77 Other Financial(24) 2735.41 -0.2 2739.86 2717.17 2715.69 2862.00 2.25 1.96 51.47 56.97 92).13 80 INVESTMENT TRUSTS(124) 1540.93 +0.1 1538.63 1524.42 1525.19 1528.21 3.94 6.63 17.93 53.48 1216.89 89 FT-SE-A ALL-SHARE(865) Mourly movements Open 9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.10 High/day Low/day 
 3093.1
 3091.9
 3084.0
 3084.6
 3088.5
 3086.3
 3089.5
 3089.2
 3103.7
 3105.9
 3081.8

 3632.2
 3532.1
 3530.7
 3533.6
 3536.4
 3536.6
 3540.0
 3542.8
 3543.2
 3529.5

 1551.0
 1550.5
 1547.3
 1547.6
 1548.7
 1550.0
 1554.1
 1556.1
 1557.0
 1548.4
 FT-SE-A 350 Time of FT-SE 100 Day's high: 4,02pm Day's low: 9,26am, FT-SE 100 1994 High: 3520.3( 2/2 ) Low: 2570.8 (2476, ■ FT-SE Actuaries 350 Industry baskets Open 9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.10 Glose Previous Change 1003.0 1003.5 1002.7 1002.4 1002.9 989.8 989.8 1000.3 1000.2 1000.3 1004.0 -3.7 3084.2 5057.0 9054.3 3055.5 3058.7 3058.8 3066.1 3059.3 3074.2 3075.2 3057.6 +17.4 1849.1 1847.7 1840.9 1842.5 1846.9 1848.4 1843.0 1845.8 1847.5 1845.8 1849.7 -3.9 2929.8 2928.4 2918.6 2921.9 2928.4 2928.6 2931.7 2947.5 2957.1 2960.7 2933.9 +26.8 Additional Intermettion on the FT-SE Actuance Share Indices in published in Saturday issues. Lists of constituents are available from The Financel Times Limited, One Southwark Bridge, London SE1 8H. The FT-SE Actuances Share Indices Service, which covers or range of electronic and paper-based Limited, One Southwark Bridge, London SE24 8DL products relating to these relations to evaluable from PNSTAT, PLOTON House, 15-17 Epocenth Street, London SE24 8DL products and the FT-SE Actuances PNSTAT PLOTON FOR THE MIST SECTION STREET, The FT-SE Actuances SD and the FT-SE Actuances Indicestry The FT-SE27 Indicestrated by the Intermetional Stock Exchange of the United Kingdom and Republic of Instantia and the FT-SE Actuances All-Street Indices compiled by The Financial Times Limited, both in confunction with the Instantian Study of Accusines under a Canadard set of ground rules compiled by The Financial Times Limited Migdom and Republic of Instant Limited 1994. 8 The Financial Times Limited 1994 all nights reserved.

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Day's Year Nov 10 chge% Nov 9 Nov 8 Nov 7 ago

LIFFE EQUITY OPTIONS. Albed Domeon 550 54% 64 70% 4% 10 18% (\*598 1 600 18 32% 40% 22 29% 41 Argyd 260 15 22% 27% 10 15% 20% (\*255 1 280 6% 8% 10 2% 4 5 (\*84 ) 70 2 4% 6 8 9% 10% Brit Arrivages 360 221s 34 407s 121s 181s 26 [7371 ] 390 9 201s 27 30 35 421s 360 80 80 1 35 181s 261s 32 1420 8 201s 1 3 20 461s 52 56 800\$\$ BP 420 19% 28% 36 12% 20% 25 (\*422 ) 460 5 12 20 39 44% 48 British Steel 140 30 24 27% 2 3% 5 (\*157 ) 160 7 12% 18 9 12 14 Bass 550 16% 27% 36% 27% 33% 41 (\*550 ) 600 3% 11% 19 67 70% 74 Cattle & latter 360 34% 45% 53% 8 15 19% (\*386 ) 390 18 29% 57% 20% 28% 34 Counteation 420 37% 45% 55 8 12% 19% (\*450 ) 460 15% 28 34 28 30% 39 Count Union 543 25% 34 - 18% 33% - (\*55 ) 592 7% 15% - 50% 65% -| 200 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 Land Seour 600 28 41% 48% 11 16% 27 (F618) 650 7 19 24% 42 44 56 Marks 6 5 390 22% 33 37 7% 13 17 (404) 420 8 18 21% 23 27% 32 18388851 500 34% 43 52% 12% 28 33 (515 1 550 12 20 30% 40% 57% 62 Sansbury 390 34 46% 51% 6% 12% 18% Blue Circle 280 21% 25% 35% 4 8% 16 (1418) 420 15% 29 35 18% 25% 32 (1296) 300 10 18% 24% 12 17 25% 51el Trans. 700 31 42 48% 13 25% 32 British 6as 280 21 29 34 2% 7 13 (712) 750 8% 19 25 41% 55 60 (1297) 300 8% 17% 23 88% 4% 6 7% Disons 180 18% 23 28% 3 8% 12 (1215) 220 7 12 18 12% 15 17 (194) 200 7% 12% 18 11 17% 21% Rilargion
PoverGent
PoverGent
PoverGent
Prodentest
RMCT
RTCT
Rectir & Colmant
Redisant
Redisa Grand Met 390 24% 33% 46 1 11% 15% (\*412.) 420 4% 17 24% 11% 26% 30% Lacthroke 140 15 20 23 - 3 6% (\*154.) 160 2 9 12% 7 11 16 16 MB Biscuts 300 14% 25 30% 1% 7% 16 (\*313.) 330 1 11 16 17% 23 33% Option Dec 68rr Jun Dec Mar Jun 8nr Aero 429 39 56°4 55°4 2 13°4 23 1°457 1 460 19°7 32 45 14 30 42°4 BAT Inds. 420 29 42 49°2 1 9 19°4 1°447 1 460 4°4 19°2 26 15 25°4 40 BTR 300 18% 21 28% 2% 9 16% (307 1 330 1 8 13% 22% 26% 34 Bri Telecom 360 28% 32% 38% - 6 9 (388 1 36% 56 15% 18% 22 15% 24% 35 (444 ) 460 2% 15% 22 15% 24% 35 Eastern Sec. 800 17% 43% 63 15% 46 56% (\*803 ) 850 3 28% 42% 49 74% 84% Gunness 460 12 26 34 3 (6% 21 (\*467 ) 500 % 9 15% 33 34% 44 FT GOLD MINES INDEX

Gold Mines Index (34) 2099.55 -0.5 2112.83 2113.52 2032.88 2.07 a Regional Indices Almc8 (18) Australasia (7) North America (17) Copyright, The Financial Times Limited 1994
Rigures in brack-list show number of companies Busis, US Dollars, Base Values, 1000.00 31/12/92.
Predocestor, Gold Mirros Indiac, Nov. 10, 257.5; day's change: +6.0 points, Year ago; 244.7 † Portial, Latest prices were unavailable for this edition.

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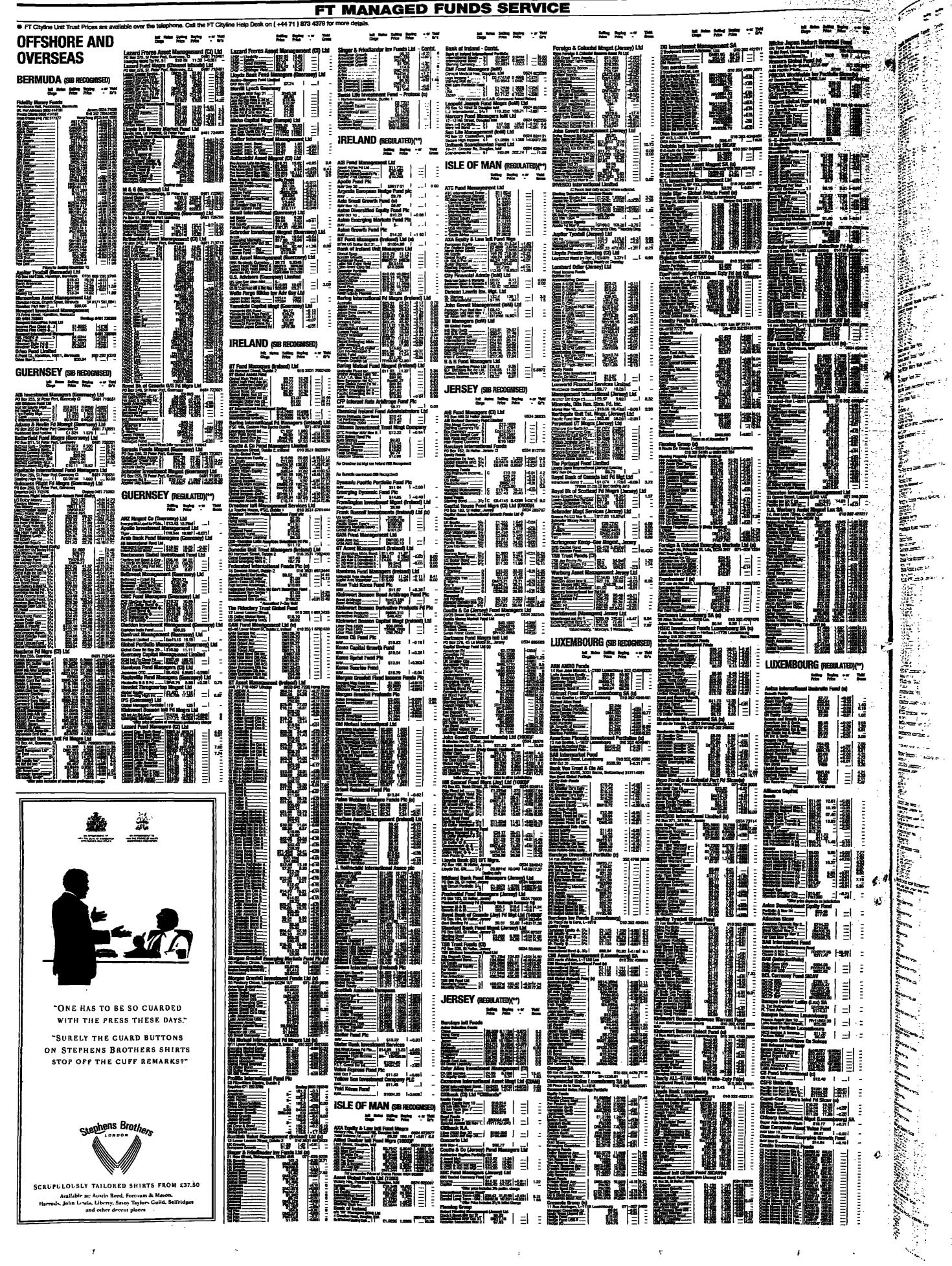
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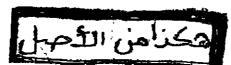
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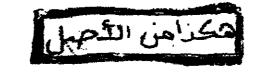
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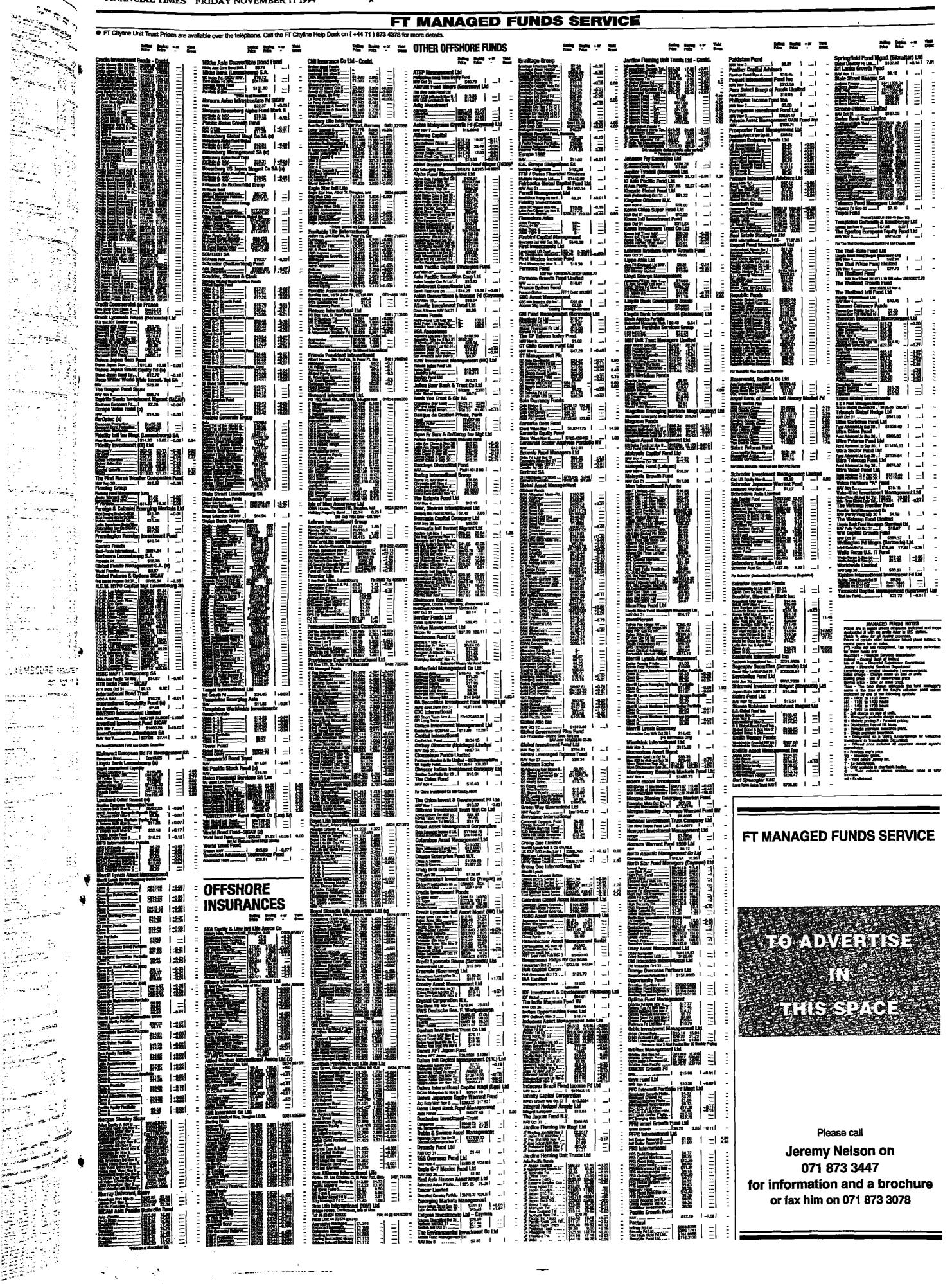
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MONEY RATES

WORLD INTEREST RATES

### **CURRENCIES AND MONEY**

# Dollar firmer after surprise US inflation figures

The dollar made further gains yesterday as good inflation fig-ures helped the currency build on improved sentiment, following Republican gains in midterm congressional elections, writes Philip Gawith.

The October producer price index fell by 0.5 per cent, against a market expectation of a 0.1 per cent increase. It was the first time in more than three years that producer inflation had fallen for two consecutive months.

The dollar closed in London at DM1.5348, a gain of a pfen-nig from before the PPI figures, and at Y98.04 from Y97.79 at Wednesday's close.

The firmer tone in the US currency came as an increasing number of analysts suggested that the US currency may have turned, after a nine month fall.

Two dollar bloc currencies that profited from the firmer dollar, and favourable market percentions of domestic monetary policy, were the Austra-

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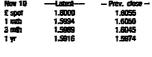
lian and New Zealand dollars. Elsewhere, the Bundesbank council left official interest rates, and the repo rate,

Sterling continued to weaken against the firmer dollar, closing at \$1.5968 from \$1.6036. Against the D-Mark, it finished at DM2.4506 from DM2.4534.

■ With US markets closed today, traders are not expecting any sharp moves in the dollar ahead of the important Federal Open Markets Committee meeting on Tuesday.
There is increasing opti-

mism, however, that a decisive increase in interest rates at the meeting could confirm an upward trend for the dollar. Mr Tim Stewart, currency strategist at Morgan Stanley, com-

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mented: "Sentiment has definitely turned over the past week. The Fed has an opportunity to put one more piece of the puzzle in place."

"I don't think positions have yet changed to match the change in sentiment, but the dollar is certainly vulnerable to good news," said Mr Stew-art. He said he would be much more confident if he believed the Fed would lift interest rates by more than 50 basis points. "If it raises by only 50 basis points, the dollar will still be vulnerable to strong

Mr Malcolm Barr, international economist at Chemical Bank in London, said: "The election result impacted on a market that had already gone too far. We think the dollar has bottomed. It will take something fundamental for this market to reverse its direction and go to the downside again." He said the dollar should

reach DML57-1.60 on a three

month view. Chemical Bank is

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expecting the Fed to raise interest rates by 150 basis points by the end of the first quarter of 1995.

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Mr Nick Parsons economist at CIBC also said the first change in the doll had emerged. "The from selling on ralli

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Mr Parsons said a graph showing the difference between the S/D-Mark rate, and \$/£ (cable), was a good proxy for dollar sentiment. From a high of nearly thirty units, in late January, this gap had shrunk to minus fourteen units on October 25. Since then the trend has reversed, breaking through the trend line. He ventured that if the Fed were to intervene again now, supporting rather than opposing the market, "it could firmly and conclusively establish that the

ened markedly following the large net injection of funds into the money market at the two-weekly gilt repo on

dollar has turned."

cleared a small £250m shortage at established rates. It traded between 4 and 5% per cent. In recent weeks, daily shortages have often been above £1bn, with a high portion of liquidity provided in the form of late assistance.

Mr Parsons said that up to one month out, lending rates were below the current base rate of 5% per cent.

■ In Europe, the Swedish krona appreciated to SKr4.769 against the D-Mark, from SKr4.81, buoyed by optimism referendum The Italia firmer, at I

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.950		900 - 000	797,200		799.95	-i.5	803.45	-3.3	821.95	-3.1	_
910		880 - 940	28.0950		25,111	-0.9	25.15:	-0.9			_
700		600 - 800		24.8500		-3.5	25.17	-3.2	25.65	-27	-
		ar Spot table									the market
si 18500	LUK, Irelan	d & ECU are o	pucted in US	Сителсу.	J.P. Morga	nomin	at actors N	cv 9. Se	14 2 <del>18 2</del> 98	1930-10	T .
											i

ютеа	DZ 0	brimsin	week ag	0	-	371	' `			
s vote	in :	Sunday's	BCU Unked	De mid n	eestim	dt: 5%;	3 miles	62 6 mbs.	er reférence i	
on joi	ining	the EU.	ECU Linked spins are offer day. The bas Mid spins are	ered razzes : des anno Sa	orance nkaci To	mat. Be	nk of To	skyo, Barcies	and Nation	J W
		as also	Mid state at	shown fo	r the do	masiic	Money	Rates, US 5	COs mud 90t	ł Un
		inst the								
m L1,0		1436	i		_					:-
-	Æ1.		EURO	CURR	ENC	/ IN	TER	EST RA	TES	
CENCE	1		Nov 10		Short	7 0	lays	One	Three	-
	<del>-</del>		]	1	terro.	no	tice	month	morths -	n
£		S	1	- /2	- 412	415	- 411	5 - 472	5 <sup>1</sup> 4 - 5 <sup>1</sup> 2	5
- 174,207	168.9	50 - 109.080	Belgan Fran Danish Kron		- 51	sī.	- 512		6- 8-	-7
	7/484	90 - 1750.00 96 - 0.2991	D-Mark		- 47		47	45 - 41	64 - 54	- 51
· 14777		0 · 225150	Dutch Guild	_	- 4%	5,4	- 44	53 - 5	54 - 64	- 53
		10 - 3115.00	French Fran	c 53	- 5 <sup>1</sup> 4	5,4	- 5/6	54 54		57
- 5.8837		15 - 3.6735	Portuguese	Esc. 8 <sup>1</sup> ;	2 - 8 <sup>1</sup> 4		- <u>81</u> 2	94 - 9	10 - 9%	10
			Spanish Per		- 77	77.	- 7½ -	752 - 752	7世 - 7世 6基 - 3基	83 83
			Sterling		412	54	- 4 <b>%</b> - 3 <u>%</u>	512 - 54 35 - 31 <sub>2</sub>	4 37	9
			Swiss Franc		- 3,6 - 42		47	54 6	55 652	. 63
			Carl Dollar US Dollar	- 11 - 12	45	5.2	54	512 - 512	5H - 5H	8
Опе уе	er .	LP Morgan	italian Lica		- 1/2		- 6 k	84 - 8k	81 - 81	9
Rate	%PA	index	Yen		21	2/2	24	25 - 24	2월 - 2월	23
			Acien SSinn	27	- 2%	3.4	- 2년	314 - 31 <sub>8</sub>	31 <sub>2</sub> - 33 <sub>8</sub>	34
10.7375	0.7	104.5				LIR De		Yen, others:	two days as	nice.
31.46	0.4	106.0	E THREE	HOMTH	PIBOR	FUTL	ries (	MATIF) Peris	s interbenk	offer
6.0526	-0.8	105.4	j	Open	Sett p		Chark		Low	
4.6725	0.1	83.0	l _	94.26	94.			94.28		
5.2615	0.3	108.2	Dec Mar	94.20	93.		+0.01			
1,5195	1.0	107.2	Jun	93.40	93.		+0.0			
239.875	-1.3	58.4	Sep	93.06	93.		+0.03			
1.554	8.0		L -							
1624.5	-3.3	74.5 106.0	N THERE	HONTH	EUROE	ЮП	ur (Lif	FE)* \$1m pc	ints of 100	*
31.45 1.7077	0.4 0.8	105.7	, <del></del>	Open	Sett	orica	Chanc	e High	Lityer	- 1
6.7695	-0.7	96.3	Dec	Opu.	94.0		+0.00			
62,656	-4.0	95.2	Mar		83.5		+0.04	i -	-	
131.24	-28	80.8	Jun	-	93.0		+6.08	3 -		
7.5023	-25	80.8	Sep	-	92.6	37	+0.06	; -		-
1.2623	1.9	107.8	] '							
1.5885	0.5	89.1	S THREE	MONTH	LURON		FUTU		DIMITING DO	
1.2392	0.1	-	] "	Open	Sett :	xice	Chang	e High	Low	- · I
-	•	-	Dec	94.84	94.6	14		94.85	94.82	
			Mar	94.57	94.6		+0.00	94.64	94.56	
			Jun	94.22	94,2		+0.08	94,32	94.21	
7.323	-0.4	E3.8	Seo	93.84	93.5	10	+0.05	93.92	93.83	
3.4497	-0.3	-	# THREE!	MONTH!	EUROL	ERA B	IT.RA	E FUTURE	S (LIFTE) L	.100
	-	95.0	] <del></del>						Low	
			}	Open	Sett p		Chang	-	-	•
1.3343	-0.6	88.0	Dec	91.12	91,2		+0.08		91.12	•
7.734	-0.1	-	Mar	90.48	90.6		+0.11		90.47 89.91	
	_ •	=	Jun	89.96	90.0 89.6		+0.12		89.48	
S4.425	3.7	150.6	Sep	89.52		_				
2.51.43 1.6182	-2.1 -0.5	-	S THREE	HOMIN	ENHO S		HUL	IC POIGH	æ (⊓LLE) 2	
1,0102	-0.5	_	ł	Open	Sett p	xice	Chang	e High	LOw	E
3.7747	-0.5		Dec	95.94	95.9	16	+0.03	95.97	95.93	
1,447	1.7	_	Mar	95.66	95.7		+0.05		95.88	
3.73:1	-5.8	_	Jun	95.33	95.3		+0.06		95.32	
4.396	-7.5	_	Sep	94.98	95.0	12	+0.05	95.04	94.96	
821.95	-3.1	_	IN THREE	MONTH .	ECU PL		ES (LIF	FE) Eculm (	points of 10	096
-	-	-					Chang		Low	E
25.65				Open	Sett p		_	_	93.95	-
و بندون	ucted t	te market	Dec	93.97	93.9	_	+0.02	93.99 93.65	93.95 93.55	
average	1930-1	₩	Mar Jun	93.55 93.06	93.6 93.1		+0.08		93.05	
			Sep	92.57	92.6		+0.06		92.57	
			* LIFFE Luxure							

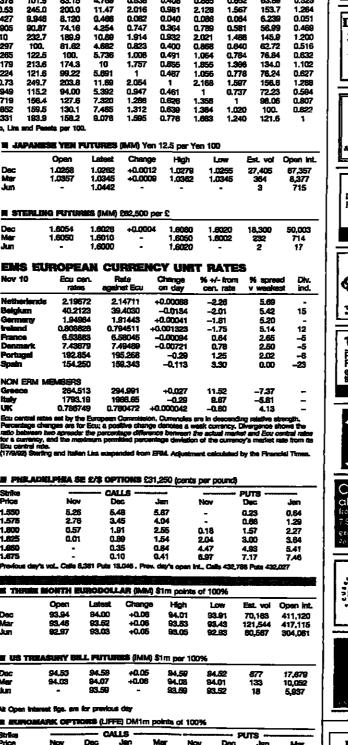
Belgium week ago 7.50 7.50 5.25 5.25 3.50 3.60 4.00 1.75 1.75 Japan week 200 S LIBOR FT Landon week ago 5.88 6.78 34 34 US Dollar COs week ago SDR Linked Ds haked Do mild nates: 1 main: 5%; 3 million 50; 6 million: 6...; 1 year: 5%, 5 LIBOR ha is offered miles for \$10m quoted to the regides by four reference busins at Years has busins are: Barriours Trans. Bursk of Toleyo, Barriours and National Westimated, busins are shown for the dominatic Money Flates, US \$ COs and SOR Listed Deposit as are shown for the dominatic Money Flates, US \$ COs and SOR Listed Deposit O CURRENCY INTEREST RATES Est. vol Open int. 94.27 93.84 93.44 93.11 94.28 93.86 93.46 93.12 10,143 9,934 +0.01 +0.02 +0.03 REE MONTH EURODOLLAR (LIFTE)\* \$1m points of 100% 94.00 93.51 93.04 92.67 +0.05 +0.04 +0.06 +0.06 Open int. 94.85 94.64 94.32 93.92 144778 94.56 94.21 93.83 +0.05 +0.05 15459 EE MONTH EUROLEIA DIT.RATE FUTURES (LIFFE) L1000m points of 100% 91.23 90.63 91.12 90.47 89.91 91,22 90.82 89.96 737 ISS FRANC FUTURES (LIFFE) SFrim points of 100% ME MONTH EURO SW Est. vol. Open Int. +0.03 +0.05 +0.06 +0.06 95.98 95.71 95.93 95.88 95.32 85.97 -19807

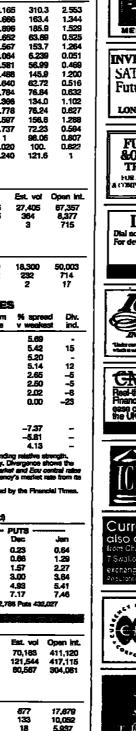
Brazi	(F0)	1.3341	+0.0023	331 - 35	1 1.339	0 1.3310							-	Grazii		(Pan)	0.835
Canada	(CS)	2,1683	-0.0008	<i>676 - 6</i> 9	2 2 184	5 2.1640	2.1673	0.6	2.180	9 D.4	21848	0.2	86.9	Canad	la la	(CS)	1.3580
	w Pesol	5.4921		888 - 95			-				-	•	<del>-</del>	Mexico	) (Nev	v Pesc)	3.4395
USA	(5)	1.5968	-0.0068	965 - 97	1.608	8 1. <del>594</del> 5	1.5963	0.4	1.5957	0.3	1.5885	0.5	61.9	USA		(3)	٠
Pacific/Middl															/Middle		
Australia Maria Maria	(AS)	2.1173		163 · 183			2.1194				2.136		-	Austra	_	(AS)	1.3260 7.728
Hong Kong Indua		12.3405 50.1919		378 - 43 760 - 05		0 12.3229 0 50.1100	12.3315	0.9	12.3273	? 0.4	12.282	0.5	-	Hong I	Nong	(HKS) (Rs)	31.433
Tabau akna		156.546		457 - 634		0 158,240	156.098	3.4	155.081	3.7	149.956	42	189.9	Japan		(J)	98.0400
Melaysia	nas)	4.0898		883 - 91			100.000		100,000		170,000		-	Malays	da	(NAS)	2.5613
New Zealand	(NZS)	2.5709		684 - 73			2,5756	-22	2.5848	-22	2.6047	-1,3	-	New Z		(NZS)	1.6101
Philippines		38.7212		353 - 07		38.6400					-		-	Philipp		(Peso)	24,2500
Sauci Arabia	(SR)	5.9890	-0.0254	877 - 90	E.033	8 5.9800					-	-	_	Saudi	Arabia	(SR)	3.7507
Singapore	(SS)	2.3497		485 - 500		8 2,3450				-	-	-	-	Singap	OTE:	(SS)	1.4715
S Africa (Com	ι) (R)	5.6298	-0.0039	277 - 318	5.663	4 5.6174	-	-			-	-	-	\$ Afric	a (Com.	) (F1)	3.5258
S Africa (Fin.)	(FI)	6.5323		153 - 493			-	-			•	-	-		a (Fin.)	(FI)	4.0910
South Korea		1272.53		225 - 28		5 1270.50	-	-		-	-	•	-	South		(Won)	795.950
Talwan	,	41.6608		495 - 72		4 41.5953	-	-	-	-	-	-	-	Tatwar		(12)	26.0910
Thailand		39.8709		486 - 93		39.8100		-		-	-	-	_	Theller		(Bt)	24.9700
†SDR rates for I but ere implied !	Nov 9. Bld/c	ffer spread	to in the Pou	nd Spci tel	ale show on	y the last th	ree decima	phaces.	Forward n	Med are	not directly	quoted to	the market				/offer sprea interest ra
the Dollar Spot	tables deri	ed from T	HE WIMPEL	TERS CLO	SING SPOT	PATES. So	me vakus	Me da	nded by th	e F.T.	4 440 040			-40.00		7	
						· ·								1000			- N
CROSS	RATE	S ANE	DERI	VATIV	ES												
EVOLUN																	
EXCHAN	GE C	1022															
Nov '	10	명구	DKr	FFr	DM	眨	L 1	R	NKr	Ea	Pte	· SKr	\$Fr_	2	<b>C\$</b>	\$	Y
Belakum	(BFr)	100	18.99	18.69	4.857 2	.019 4	974 5.4	146	21.28	494.8	403.9	23.17	4.071	1.982	4.296	3.165	310.3
Denmark	(DKr)		10							260.6	212.7	12.20	2.143		2.262	1.666	163.4
France	(FF <sub>t</sub> )		11.38	10	2.910 1					296.5	242.0	13.88	2.439		2.574	1.896	185.9
Germany	(DMQ)	20.59	3.910	3.437	1 0	416 1	24 1,	121	4.378	101.9	83.15	4,769	0.638		0.885	0.652	63.89
Ireland -	62	49.52	9.404	8.266	2.405	1 2	163 2.0	397	10.53	245.0	200.0	11.47	2.016	0.981	2.128	1.567	153.7
italy	(A)	2.010	0.382	0.336			OO. O.	109	0.427	9.948	8.120	0.486	0.062	0.040	0.086	0.064	6.239
Netherlands	(F)		3.487							90.87	74,16	4.254	0.747		0.789	0.581	56.99
Norway	(NKC)		8.931					561		232,7	189.9	10.89	1.914		2.021	1.488	145.8
Portugel	(Es)		3.638						4.297	100.	81.82	4.682	0.823		0.868	0.840	62,72
Spein	(Pta)		4.702	4.133						122.5	100.	5.736	1.008		1.064	0.784	76.84
Sweden	(SKr		8.198							213.6	174.3	10	1.757		1.855	1.366	134.0
Switzerland UK	(SF		4.666 9.583	4.101 8.423						121.6	99.22	5.691	1		1.056	0.778	76.24
Camada	(CS		4,420	3.885						249.7 115.2	203.8 94.00	11.69 5.392	2.054 0.947	1 0.461	2.168	1,597	156.6 72.23
US	(CS)		6.001	5.274						158.4	127.6	7.320	1.288		1 1.358	0.737 1	98.06
Japan	, i		6.119							159.5	130.1	7.485	1,312		1.384	1.020	100.
Eou	•••	39,18	7,440	6.540						183.9	158.2	9.076	1.595		1.883	1.240	121.6
Denish Kroner,	French Fra	no. Norwe		and Swede													
E D-MARK	FUTURE	B (DAMAN) D	M 125,000	per DM					H JAS	AMES	E YEN FU	TURES	(IMM) Yen	12.5 per 1	'en 100		
	Open	Latest	Change	Hiligh	Low	Est. \	rol Oper	int.			Open	Latest	Change	High	ما		Est. vol
Dec	0.8550	0.6538	-0.0006	0.6552					Dec		.0258	1.0262	+0.0012	-	-		27.405
Mar	0.6555	0.6550	-0.0006	0.6570					Mar		.0357	1.0345	+0.0009				27,9US 364
Jun	-	0.6582		0.6583		1	1,2		Jun		-	1.0442	-	1,0002			3
					-	_											•
■ 57/136 F	RANC FU	TURES (	MM) SFr 12	25,000 pe	\$Fr				A STE	PLDIG	PUTURE	8 (MM)	962,500 pc	<u> 2 m</u>			
Dec	0.7808	0.7802	-0.0006	0.7836	0.779	5 29.18	i1 41,5	140	Dec	-	.6054	1.6026	+0.0004	1 6000	1.00	225	10 900
Mar	0.7843	0.7835	-0.0012	0.7867					Mer		.6050	1.6010	-	1.6060 1.6060	1.60		18,300 232
Jun	0.7900	0.7900	-	0.7903			19		Jun	•	-	1.6000	-	1.6020	1.00		2
								-						·	_		-
	v: v: .	W 100 10							ENG	216	ODE 4	N 011	DDEW	·V III		TTC	

Company   Comp
CKINTEREST BATES   Component of the co
Common   C
Component   Comp
Over-
Triple   T
### Starting   \$1 - 4   \$1 - 5   \$1 - 5   \$1 - 5   \$2   \$3   \$2   \$3   \$7   \$1   \$3   \$3   \$3   \$3   \$3   \$3   \$3
Sterling CDs
Telephone   Start Star
Series   S
Cost authority deps. $5_{16}^1$ - $4_{13}^{13}$ $5_{16}^2$ - $5_{16}^2$
Riccionni Merket deps 6 - 4 <sup>1</sup> / <sub>2</sub> 5 <sup>1</sup> / <sub>3</sub> - 4 <sup>1</sup> / <sub>3</sub> IK clearing bank base lending rate 5 <sup>1</sup> / <sub>4</sub> ; per cent from September 12, 1984  Up to 1 1-3 3-6 6-9 9-12  month month months months months months months month months of 100,000 is 1 <sup>1</sup> / <sub>2</sub> 00 100,000 is 100,000
IK clearing bank base lending rate \$1 <sub>6</sub> per cent from September 12, 1984  Up to 1 1-3 3-6 6-9 9-1; morth month months at \$1 <sub>2</sub> 3-1 <sub>2</sub> 3-1 <sub>3</sub> 3-1 <sub>4</sub> 3-1 <sub>4</sub> 3-1 <sub>5</sub> and \$1 are to 1 are the 1 are 1
Up to 1 1-3 3-6 6-9 9-12 month month months months month month months month month months months month month months months month months of Tax dep. (2100,000) 1-1 <sub>2</sub> 0 4 33 <sub>4</sub> 33 <sub>4</sub> 33 <sub>4</sub> 33 <sub>4</sub> 33 <sub>4</sub> 33 <sub>4</sub> 33 <sub>5</sub> ants of Tax dep. under £100,000 is 1-200 12 10 10 10 10 10 10 10 10 10 10 10 10 10
month month month months of Tex dep. (£100,000) 1½ 2. 1½ 4. 3¾ 3½ 3½ 3½ 3½ 3½ 3½ 3½ 3½ 3½ 3½ 3½ 3½ 3½
Serbs of Tax dep. (£100,000) 1½ 4 3¾ 3¾ 3½ Serbs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc. Section of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc. Section of Section 1 2,4500c. £100 fised rate 8½p. Export Finance. Make up day Oct 31, Section 1 2,4500c. £100 fised rate 8½pc. Export Finance House Base Rate 8pc. from 1,1994 I THERES MONTH STERRUNG FUTURIES (LIFFE) £500,000 points of 100%
inits of Tax dep. under E100,000 is 19pc. Deposits withdrawn for cash laps.  **Sinder rate of discount 6.4342cs. ECCO fised nate 8tig. Export Firence, Melce up day Oct 31,  194. Agreed rate for period Nov 26, 1984 to Dec 26, 1994, Schemes II 6, II 7.23pc. Reference rate  should cut 1, 1994 to Oct 31, 1994, Schemes IV & V.3.50tjpc. Phience House Base Rate Spc from 1,  1984  I THRESS MONTH STERILING FUTURIES (LIFFE) 2500,000 points of 100%
vic tender rate of discount 5.4345pc. ECXD fised mits 8tg. Export Firence, Melec up day Oct 31, 854. Agreed rate for period Nov 28, 1994 to Dec 25, 1994, Schemas II & II 7.23pc. Paterance mits stod Oct 1, 1994 to Oct 31, 1994, Schemas IV & V.308pc. Finance House Base Rate Spc from 1, 1994 I THIRISE MONTH STEIRLING FUTURIES (LIFFE) 2500,000 points of 100%
894. Agreed rets for period Nov 26, 1994 to Dav 25, 1994, Sofiemes II & II 7.23pc. Reference rets eriod Oct 1, 1994 to Oct 31, 1994, Schemes IV & V 5.908pc. Finance House Base Rate Spc from I , 1994 I THERES MONTH STEIRLING FUTURIES (LIFFE) \$500,000 points of 100%
orlod Oct 1, 1994 to Oct 31, 1994, Schemes IV & V 5,989pc. Finence House Base Rate Spc from 1 1994 I THIRESE MONTH STERLING FUTURIES (LIFFE) 2500,000 points of 100%
THREE MONTH STERLING FUTURES (LIFFE) 2500,000 points of 100%
Open Sett price Change High Low Est. vol Open
lec 93.57 93.61 +0.01 93.64 93.56 16738 14224 lar 92.77 92.81 +0.01 92.84 92.74 21017 7601
lar 92,77 92,81 +0.01 92,84 92,74 21017 7601 un 92,18 92,22 +0.01 92,26 92,15 7252 5947
en 91.77 91.81 +0.01 91.84 91.73 3154 5979
rided on APT, All Coen interest tigs, are for previous day.
SHORT STERLING OPTIONS (LIFFE) \$200,000 points of 100%
THE CALLS PUTS
rice Dec Mar Jun Dec Mar Jun
<b>950</b> 0.19 0.06 0.08 0.08 0.75 1.94
375 0.06 0.02 0.03 0.20 <b>0.96</b> 1.56

BASE LENDING RATES						
*	%	%				
Adam & Company 5.75	Duncan Lawie 6.75	* Rodurghe Guarantee				
Alfed Trust Bank5.75	Erester Benk Limited 6.75	Corporation Limited is no				
AlB Bank 5.75	Financial & Gen Bank 6.5	ionger authorised as				
Milenry Ansbecher 5.75	ORobert Fleming & Co 5.75	a benking institution. 8				
Benk of Beroda 5.75	Girobank ., 5.75	Royal Bik of Soptand _ 5.75				
Banco Bibao Vizosya 5.75	•Guinness Mahon 5.75	GSmith & Wilman Secs . 5.75				
Bank of Cyprus 5.75	Habib Bank AG Zurich . 5.75	TSB 5.75				
Bank of Ireland 5.75	@Harritone Benk 5.75	CUrried Bk of Kureat 5.75				
Bank of India 5.75	Hertable & Gen Inv Bk. 5.75	Unity Trust Bank Pic 5.75				
Benk of Scotland 5.75	<b>6-75</b> Samuel 5.75	Western Trust 5.75				
Bardaya Bank 5.75	C. Hoare & Co 5.75	Whitemay Laidew 5.75				
Brit Bk of Mid East 5.75	Honokong & Shenghal, 5.75	Yorkshire Bank 5.75				
Brown Shipley & Co Ltd 5.75	Julian Hodge Bank 5.75					
CL Bank Nederland 5.75	CLeopold Joseph & Sons 5.75	<ul> <li>Members of London</li> </ul>				
Citibent NA5.75	Lloyde Bank 5.75	Investment Sanking				
Chydesdate Bank 5.75	Meghral Benk Ltd 5.75	Association				
The Co-operative Bank, 5.75	Midland Benk 5.75	* in editification				
Coutts & Co 5.75	* Mount Benking 6	- hi drain socoliti				
Credit Lyonnels 5.75	NatWestminater 5.76					

6.852 8.331	159.5 183.9	130.1 158.2	7.485 9.076	1.312 1.595	0.639	1.384		100. 0.822 121.6 1
		eta per 100.	0.070	1200	W. 10	1.000	1240	121.0
= 4	PANE	E YEN FL	TURES (	MM) Yen	12.5 per	Yen 100		
		Open	Latest	Change	•	ما	w Est	vol Open int.
Dec		1.0258	1.0262	+0.0012				
Mar Jun		1.0357	1.0345 1.0442	+0.0000	1.036	2 1.03	45 36 3	-,
Juli		_	1.00	_	-	•	•	713
<b>E</b> 81	en m	Q PUTURI	er america	182 SOD 1	ar C			
Dec		1.6054	1.602B	+0.0004				
Mer		1.6050	1.6016	+0.0004	1.6080 1.6060			
Jun		-	1.6000	-	1.6020		~ ~	• • • • •
							_	
		ROPE/				IT RA	TES	
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**HSBC Global Investment Funds** 7 rue du Marché-eux-Herbes L-1728 Lacrembo

**45** :

Open int.

Notice is hereby given to shareholders, that the

ANNUAL GENERAL MEETING reholders in HSBC Global Investment Funds will be held at the company's reg istered office at 7 rue de Marché-aux-Herbes, L-1728 Luxembourg, on Friday 25th mber at 11.00 am for the purpose of considering the ordinary be pany and voting upon the following agenda:

ed of Di nts for the period ended 31st July 1994 and

the appropriation of the net results. Discharge of the Directors.

The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented at the meeting.

In order to attend the meeting of 25th November 1994, the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Company or with one of the following banks:-

Banque Internationale à Luxe 2 Boulevard Royal L-2953 Luxembourg

Hongkong & Shanghai Banking Corporation 1 Queen's Road Central

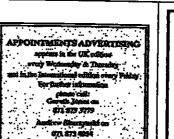
By order of the Board of Directors

St.George A.C.N. 055 513 070 U.S. \$100,000,000

Floating Rate Notes due 1998 Notice is hereby given that for the Interest Period 10th November, 1994 to 10th February, 1995 the Notes will carry a Rate of Interest of 6.2625% per annum. The Interest Amounts payable will be U.S. \$160.04 per U.S. \$10,000 Note and U.S. \$1,600.42 per U.S. \$100,000 Note. The Interest Payment Date will be 10th February, 1995.

Bankers Trust Company, London

Agent Bank

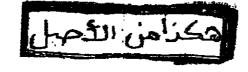


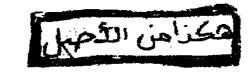


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# Early Dow gain pared as bonds turn

### Wali Street

US share prices climbed early yesterday following the release of good inflation data, before falling back as the gains in bond market prices turned flat. writes Lisa Bransten in New

By 1 pm the Dow Jones Industrial Average was up 11.78 at 3843.53. The more broadly based Standard & Poor's 500 put on 0.9 at 466.30, while the American Stock Exchange composite eased 0.99 to 450.26 and the Nasdaq composite was off 0.1 at 767.15. Trading volume on the NYSE was 165m shares.

Producer price index figures declined 0.5 per cent in October, exactly matching September's number - most analysts were expecting a 0.1 per cent

However, few economists wavered from their forecasts that the Federal Reserve would tighten monetary policy by raising interest rates by at

### NYSE volume



27 28 31 1 2 3 4 7 8 9 least 50 basis points at next Tuesday's open market com-

mittee meeting. Analysts said that the positive PPI figures decreased the likelihood that the Fed would make the 100-basis-point increase that some had been anticipating. Markets were relatively

steady, following Wednesday's volatile session which was spurred by uncertainties regarding the economic impact of Republican victories in congressional elections.

Late in the morning session the Dow had risen by nearly 25 points as the 30-year Treasury bond rose, but declined as the long bond fell back to its early morning prices and the dollar fell to its late Wednesday price against the Japanese yen.

Sears, Roebuck shares jumped \$2% at \$51% after the retailer announced its intenstake in the insurance subsidiarv Allstate next vear. Iinder this plan, Sears shareholders would receive approximately one share in Allstate for each Sears share presently held. Alistate shares declined \$% at \$24% on the news.

### Shares in US computer-chip makers declined after an industry report, issued late on Wednesday, indicated that sector growth for October was not as strong as many analysts had predicted. The industry bellwether Intel, traded on the Nasdaq, dropped \$% at \$60% Texas Instruments lost \$2 at \$76% and National Semicon

ducter fell \$1/4 at \$17%. Teléfonos de México declined sharply as analysts downgraded their ratings for the telephone company after Wednesday's announcement that AT&T would team up with the Mexican industrial group, Alfa, to provide long distance service. By midday Telmex ADRs were down \$2%

Greyhound Lines shares fell \$\frac{1}{2}\$ to \$2\frac{1}{2}\$ on news that the beleaguered bus company had rejected a new reorganisation proposal from its bondholders. Shares in Caterpillar gained slightly, up \$\% at \$58\% after announcing on Wednesday that it would increase prices of North American machines and engines. Analysts repeated "buy" ratings for the company yesterday morning on the basis

### Canada

4.183.38 in turnover of

The oil and gas group was off 31.71 at 4,595.07 despite a recovery in oil futures. Talisman Energy dropped C\$% to C\$28 in volume of 1.02m shares.

### Mexico

mex stock after a number of brokers downgraded the issue following news that AT&T, of the US, was to form a \$1bn joint venture with Grupo Alfa. an industrial group, to compete on long-distance routes. Analysts said that the announcement left Telmex without a US

In New York Telmex ADRs were off \$1% at \$54%, while the locally traded "L" shares were

down 5 per cent. controlling stake in Telmex, declined 3.17 per cent.

per cent in light midsession trade after a strong rally on Wednesday.

The Bovespa index was up 1,066 at 49,916 by 1 pm in turnover of R\$160.4m (\$191.6m).

### S Africa in modest loss

in golds was offset by profit-

7-point rise at 2,170. The over-all index eased 1 to 5,848.

South African Breweries was a feature among industrial shares, retreating R2.25

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Tiger Oats, the agriculture and foods group, shed 50 cents to R46.50 after reporting a 3 per cent advance in earnings per share in the year to end-

Nedcor, the banking group, rose to a new 1994 high of R87.75, up R1.75, after reporting a 23 per cent expansion in earnings. De Beers put on 50

### which is expected to yield positive reports on earnings.

Toronto stocks continued to languish at lower levels in midday trading. The TSE 300 composite index had lost 8.00 to

There was heavy selling in Tel-

Grupo Carso, which owns a

s in São Paulo rose 22

Telebras moved forward 2.8 per cent to R\$43.20.

Equities in Johannesburg lost its for the half year to the end momentum as a modest gain of September. taking among industrials.

industrials index slipped 5 to 6,774, while steadier bullion prices helped the gold shares index to a

to R99.50 in spite of reporting a 20 per cent increase in prof-

NATIONAL AND REGIONAL MARKETS Statemen in consortheres

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of the price increases and a November 17 analyst meeting

### FRANKFURT's Dax index moved from a session's fall of 14.07 at 2,082.40, through a post-hourse low of around 2,076 to an Ibis-indicated close of

2,098.04. Turnover fell from

After their enthusiastic reaction to the US election

results, bourses pulled back a

little yesterday morning, as if they had decided to wait for

next Tuesday's FOMC meeting and the forecast rise in US

interest rates, writes Our Mar-

However, the atmosphere changed with the fall of 0.5 per

cent in the US producer price

PPI that we have had in three

years," said Mr John Blackley

at James Capel yesterday.

Capel's economists were still

looking for a US rate increase

next week, he added, but there

was now a feeling that maybe

50 basis points would be

EUROPE

DM8bn to DM5.7bn. The main impetus for the afternoon upsurge came from traders who had to cover their short positions earlier in the week; some of them were taking a positive attitude to the market by the end of the day.

Financials did well, Allianz and Deutsche Bank showing gains of DM28 to DM2,408 and DM8.70 to DM759.20 at the end of Ibis trading. Cyclicals were muted or worse, Linde, the

### FT-SE Actuaries Share Indices THE EUROPEAN SERIES Open 10 30 11,00 12,00 13 00 14,00 15,00 Close FT-SE Eurotrack 100 1340.01 1340.09 1340.59 1339.67 1339.53 1340.73 1344.84 1345.52 FT-SE Eurotrack 200 1401.21 1401.14 1402.35 1401.82 1401.34 1401.62 1405.89 1405.88 Nov 3 1345.14

index in October, following a engineer, falling DM20.50 to similar drop in September. "It is the first back-to-back fall in

Results news was good for Veba, where a 49 per cent jump in profits took the energy based group up DM8.80 to DM522, but bad for Siemens, although it recovered to close just 40 pfennigs down at DM625 after hours. Meanwhile, German newspapers picked up a dated but derogatory story from the US on Schering's BetaSeron prospects, and the

pharmaceuticals group dropped DM18.50 to DM960.50. PARIS remained firm in spite of falling back slightly at the close. The CAC-40 added 4.49 at 1,948.35 in turnover of some FFr4bn.

French financial markets will be closed today for the Armistice Day holiday.

Carrefour, the retailer, went against the trend, losing FFr127 or 5 per cent at FFr2,171, as speculation mounted that a report damaging to the group was to be published in one of the domestic newspapers during the session.

In the event no such article appeared and the company said that it planned to ask the stock market authorities to investigate the fall in the share

US data put bourses back on upgrade

Eurotunnel advanced 2 per cent to FFr20.95 in very high volume as local investors took up positions ahead of the official opening of the Channel tunnel to fare paying rail passengers on Monday.

ZURICH talked about switches as the SMI index closed 12.3 higher at 2.602.7. Swiss Re registered rose SFr26 to SFr783 ahead of an analysts meeting with the company and Zurich Insurance balanced this, to an extent, with a fall of SFr6 to SFr1,235.

Similarly, pharmaceuticals dealers said that investors were moving into Ciba and Sandoz, up SFr15 to SFr764 and SFr6 to SFr667 respectively, and out of Roche certificates, which fell SFr55 to SFr5,890.

AMSTERDAM retreated as overall activity was affected by weakness in Royal Dutch after dipped 0.80 to 410.74.

Royal Dutch left analysts with contrasting views. There were some who considered that operating income was below expectations, while others, such as James Capel, believed that they were "pretty solid". Nevertheless, the view of the Dutch investor was to sell on the day, and the shares lost FI 2.30 at FI 189.00.

mented earlier this week that it was maintaining its overweight position in Dutch equities on the basis that the quality of earnings and dividend growth made the market attractive relative to markets such as Germany, Belgium or

The one major worry clouding the horizon, said Lehman, remained the market's historic exposure to the US. "Of the main nine European equity markets, the Dutch would be the most vulnerable to the expected correction in US

equity prices."
MILAN was supported by domestic strength in bonds as well as external factors which helped the Comit index to a gain of 5.28 at 636.17. Cir saw one of the best performances, rising L77 to L1,932, with rumours continuing that

against the dollar early on,

BOMBAY fell sharply for a

second consecutive day, the

BSE 30-share index weakening

64.59 to a provisional 4,141.09

after a 2.1 per cent drop on

Reliance Industries closed

Rs8.75 lower at Rs381.25 after being quoted briefly at Rs360

in early trade. Large investors

sold following the company's

announcement of plans to

merge with two of its associ-

finance houses led the way

down as the SET index

dropped 24.01 or 1.6 per cent to

1,472.52 in moderate turnover

BANGKOK's banks and

before recovering to 24.30.

Wednesday.

the group might soon dispose of one of its assets. In the insurance sector, Fon-

diaria impressed with a gain of L420 to L11,720 amid various the oil group reported its third-quarter results. The AEX index reports that the company

might launch an offer for the 10 per cent of its subsidiary Fondiaria Assicurazioni that it did not already own. Credito Romagnolo added L290 at L16,900 on speculation that Cariplo, the savings bank, might launch a counter-offer to

the bid announced by Credito Italiano, up L33 at L1,659. Ambroveneto, which is also Lehman Brothers comsubject to a takeover bid from BCL fell L65 to L4,385, while the predator gained L50 at MADRID came back from a day's holiday and reflected two days of gains: the general

index, covering the two-day period, rose 5.49 or 1.9 per cent to 299.34; the Ibex, real-time index, traded in Barcelona and Valencia on Wednesday, showed a one-day rise of 25.12 or 0.8 per cent at 3,232.29. Turnover was Pta36.4bn.

Banks, weak in the morning, were no better than mixed at the end of the day, and ADR stocks were only a little better than that on average. The most sizeable gains came from the construction sector, which has tended to exaggerate sentiment: Cubiertas moved ahead Pta450 to Pta8,750, FCC Pta560 to Pta12,790 and Huarte Pta65 to Pta1,460.

Written and edited by William

of Bt6.2bn. Banks receded 1.7

per cent, mostly early in the

day, and the finance sector

to lose some of its early gains

on news that the popular Mr

Jim Anderton had resigned as

leader of the left-wing Alliance

party. The NZSE-40 index ended a net 13.71 up at 2,088.88,

having been 25 points ahead in

KUALA LUMPUR saw turn-

over tumble from M\$550.6m to

M\$205m as the KLSE compos-

ite index relinquished 12.05 at

1.039.46. SEOUL's composite

index finished 11.52 down at

1,126.87 on broadly based

WELLINGTON drifted back

retreated 2 per cent.

late morning trade.

### Academic approach to UBS

By Ian Rodger in Zurich

Investors have tracked the proxy battle over the future of Union Bank of Switzerland mainly through the premising on the registered shares relative to the bearers.

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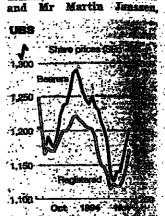
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Milanter feare met.

UBS directors are seeking shareholder approval to con-vert the registered into bear-ers at an EGM on November 22. Therefore, the premium should disappear if the direct tors carry the day.

the plan was announced, the premium has dropped from 34 per cent to around 13 per cent But this week, it has moved back up above 16 per cent. On Tuesday, two Zurich academics, Mr Matthias Denzier



suggested looking at a more sophisticated measure. In an article in the Neue Zürcher Zeitung, they pointed out that an investor can buy an EGM vote, so to speak, by purchasing a share and at the same time entering a December contract for its resale.

They traced the net cost of such a vote for a registered share over the past month, finding that it has declined from a peak of SFr9 to around SFr3 per share. Their conclusion: investors now recognise that UBS has enough proxies

They suggested, too, that the 6 per cent slide in the UBS market capitalisation since September 29 reflected the fear that legal rows after the EGM would hurt the bank's profits

# Nikkei affected by losses in privatised issues

cents at \$\$13.30.

exchange market.

kerages during the day.

SINGAPORE finished lower.

with the Straits Times Indus-

trial index off 14.46 at 2.329.94

Jurong Shipyard fell 10 cents

Neave 30 cents to S\$17, but

Cycle and Carriage added 10

MANILA succumbed to wide-

spread selling, having seen

substantial gains in early trad-

ing, as the Philippine peso fluc-

tuated wildly on the foreign

The composite index fell by

The peso hit a low of 24.80

41.67 to 2,968.20, breaching the

S\$13.30 and Fraser and

in volume of 125.4m shares.

### Tokyo

Broadly based selling depressed equities as a decline in speculative stocks and privatised issues prompted arbitrage-linked sales, writes Emiko Terazono in Tokyo.

The Nikkei 225 average ended 159.03 lower at 19,264.85 after a day's high of 19.456.69 and low of 19,238.05. Arbitrage selling and stop-loss sales absorbed index-linked buying by trust funds. Individual investors who had bought stocks on margin at their highs in June started to liquidate their positions before the sixmonth margin settlements in

The Topix index of all first section stocks fell 13.25 to 1,520.03 and the Nikkei 300 sank 2.43 to 278.40. Losers led gainers by 737 to 224, with 201 issues unchanged. But in London the ISE/Nikkei 50 index

added 2.85 at 1,251.81. Continued declines in privatised issues also worried investors. Traders said sentiment was worse than indicated by the Nikkei's declines. While the March 31 level of 19,111.92, the Topix index had now stayed below the last fiscal

Volume totalled 292m shares, on the Nikkei, were also

Speculative shares bought on the pachinko, or pinball, theme plunged. Nakabayashi, the office equipment maker, fell

year's close for four consecuagainst 296m. Foreign investors remained inactive, while public funds, expected to support share prices below 19,000

Japan Tobacco lost Y27,000 or 2.7 per cent at Y967,000 and Nippon Telegraph and Tele-phone slipped Y12,000 to Y851,000 on foreign selling.

Y27 to Y893 and Sailor Pen dropped Y100 to Y734. Konami, a video game soft-

ware company, plummeted

Y400 or 17 per cent to Y2,010

after it announced that it was

expecting a net loss of Y14.5bn

US Dollar Index

3.70 1.11 4.22 0.73 2.62 1.49 0.74 3.07 1.80 3.41 1.73 0.79 1.85 1.83 1.57 2.13 4.30 1.51 4.30 1.54 4.95 4.98

2.80 3.09 1.42 1.13 1.97 2.88 2.48 2.82 1.97 2.09 2.89

0.0 1.3 1.1 -0.9 0.1 -0.1 0.3 0.1 -0.1 0.5

8

Pound Sterling Index

177.57 162.67 108.88

Brokers were lower, reflecting the current stagnation in the stock market. Nomura Securities dipped Y70 to Y1,860 and Nikko Securities

Y40 to Y1,040. Some electricals were higher Mitsubishi Electric rose Y5 to Y700 and Toshiba Y3 to Y722. In Osaka, the OSE average declined 136.11 to 21,329.25 in volume of 17.8m shares. Aoyama Trading, a discount suit retailer, retreated Y400 to Y2,500 after reporting a decline in profits for the six months to September.

The Pacific Rim region remained generally nervous ahead of an expected increase in US interest rates next week. Colombo was closed for trading due to a curfew declared in Sri Lanka to avert post-poll vio-lence after Wednesday's presidential election. SYDNEY declined on off-

shore selling of leading resources shares as profits were taken following a strong rally in recent months. The All 1,971.3, in turnover of A\$490m. Economic data which showed the October unemploy-

ment level at a three-year low

lifted prices for a time, but selling pressure was renewed during the afternoon. In the mining sector, CRA weakened 16 cents to A\$18.20, WMC was down 24 cents at A\$6.88 and MIM receded 9

cents to A\$2.64. HONG KONG drifted lower as most investors remained absent in anticipation of a further rise in US interest rates

The Hang Seng index shed 14.72 to 9,390.76 on turnover of HK\$1.7bn, compared with HK\$2.08bn on Wednesday.

Some dealers noted futures-led arbitrage selling by institutions, helping to dampen the price of Hong Kong Telecom, which fell 20 cents to HK\$15.65. Brokers also commented that there was some buying interest

Local
Currency 52 week 52 week
Index High Low

132.74 149.32 143.99 143.88 133.07 130.00 143.27 279.05

133.07 130.00 177.00 143.27 279.05 - 104.31 130.58 145.31 130.58 145.31 130.58 187.08 201.41 134.75 138.65 185.37 113.08 179.24 150.66 185.37 113.08 179.24 150.66 160.37 89.11 97.78 125.85 98.32 170.10 405.36 508.70 621.63 171.52 168.82 223.30 171.52 168.82 223.30 171.52 168.82 223.30 175.56 177.49 211.74 1308.93 265.72 401.38 265.72 401.38 130.13 155.76 18

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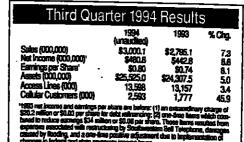
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176.58 233.91 176.88 175.14 192.73 158.12 296.21 176.65 178.59 196.20